

Office of Community Assistance

***Illinois Department of
Commerce and Economic Opportunity***

Procurement Manual

March 2019

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INTRODUCTION

Procurement is the acquisition of goods and/or services. Proper procurement will result in goods/services that are appropriate and procured at the best possible cost to meet the needs of the program in terms of quality and quantity, specifications, time, and location.

The process of obtaining goods and services from preparation and processing of a requisition through to receipt and approval of the invoice for payment, commonly involves the following:

- Purchase planning
- Standards determination
- Specifications development
- Supplier research
- Value analysis
- Open and free competition among suppliers/contractors
- Purchase award
- Making the purchase
- Supply contract administration

Manual Purpose

This manual is limited in its purpose and is a guide to the Grantees to provide general information on procurement regulations, sample procedures, best practice information, and is not legal advice. This manual is not intended to provide an in-depth description, specific methods, techniques, or procedures, nor is it designed to provide an example of every available method or consideration that applies to the Grantee.

The contents of this manual were approved as official guidance by the Office of Community Assistance (OCA). All Grantee staff members are to follow this guidance. OCA makes no guarantee that the use of samples included in this manual will automatically result in the full reimbursement of eligible expenses.

The type of procuring instruments used must be determined by the recipient but are to be appropriate for the particular procurement and for promoting the best interest of the program or project involved (45 CFR Part 75.327(l)).

Financial Policies & Procedures and Regulations

Each Grantee is responsible for developing the procurement policies and procedures for its entity in accordance with the regulations and grant terms, and in accordance with its financial management system (2 CFR Part 200.302 [45 CFR Part 75.302]. Each Grantee must use its own documented procurement procedures which reflect applicable regulations and conform to applicable laws and standards (2 CFR Part 200.318(a)) [45 CFR Part 75.327(a)] to carry out its procurement process. This manual is to provide guidance to Grantees in establishing procurement procedures that are designed to provide for open and free competition and help ensure grant funds are used efficiently and effectively.

Grantees must have a working knowledge of the procurement regulations contained in 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, as applicable. A link to 2 CFR Part 200 and 45 CFR Part 75 can be found in the APPENDIX of this manual.

Community Services Block Grant (CSBG) standards state that fiscal policies of private non-profits are to be reviewed at least every two-years, updated as necessary, and changes approved by the governing board. Further, CSBG standards state that written procurement policies are to be in place and reviewed by the governing board every five years.

Effective Date of Procurement Guidance

The effective date of all procurement guidance described in this manual is **January 1, 2019**. If guidance is added or modified after this date, the effective date of the new/revised guidance will be indicated parenthetically immediately following the policy heading.

Superseded guidance should be retained for future reference in connection with any audits, monitoring, or investigations (likely for a period of 5 to 7 years). See the RECORD RETENTION section of this manual.

Basis of Accounting

Grantee year-end financial statements should be prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). Consequently, revenue, other than contributions, is recognized when earned. Expenses are recognized when the obligation is incurred.

For costs to be allowable under grant awards, costs must be determined in accordance with GAAP, except, for state, and local governments and Indian tribes only, as otherwise provided for in 2 CFR Part 200 [45 CFR Part 75] or where otherwise authorized by statute (2 CFR Part 200.403(e)) [45 CFR Part 75.403(e)].

Internal Controls

(2 CFR Part 200.303) [45 CFR Part 75.303]

Grantees must establish and maintain effective internal control over its grant awards to provide reasonable assurance that the Grantee is managing the grant award in compliance with statutes, regulations, and the terms and conditions of the grant award, and provide accountability for all funds, property, and other assets.

Allowability of Costs

(2 CFR Part 200.403) [45 CFR Part 75.403]

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under a grant award:

- Must be necessary, reasonable, and allocable for the performance of the grant award
- Must conform to any limitations or exclusions in grant regulations or grant award
- Must be consistent with policies and procedures of the Grantee and be applied uniformly to grant-financed, and other, activities of the Grantee
- Must be consistently treated for the same purposes in like circumstances
- Must not be included as a cost or used to meet cost sharing or matching requirements of other grant-financed programs
- Must be adequately documented

Grantees will maintain a fiscal management system that provides written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200, Subpart E, Cost Principles [45 CFR Part 75, Subpart E, Cost Principles], and the terms and conditions of award. This will be documented in the Grantee's fiscal policies and procedures manual.

Grantee Responsibility

2 CFR Part 200.318(k) [45 CFR Part 75.327(k)]

The Grantee alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to: source evaluation, protests, disputes, and claims. This manual or grant standards do not relieve the Grantee of any contractual responsibilities under its contracts. The federal awarding agency or OCA will not substitute its judgment for that of the Grantee unless the matter is primarily a federal or OCA concern. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

POLITICAL INTERVENTION

Prohibited Expenditures

As a reminder, Grantees that have a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code shall not incur any expenditure for political intervention. For purposes of this guidance, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state, or local level. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties

4. Expenditures to produce printed materials (including materials in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

As a reminder, consistent with Section 501(c)(3) of the Internal Revenue Code, Grantees will not endorse any candidates for public office in any manner, or otherwise make statements that support or oppose a candidate or a political party, either verbally or in writing. This guidance extends to the actions of management, the Board of Directors, volunteers, and other representatives or agents of the Grantee, when these individuals are acting on behalf of, or are otherwise representing, the Grantee.

Individual vs. Grantee Activities

The preceding guidance prohibiting acts of political intervention apply to the Grantee and to individuals acting on behalf of the Grantee. They do not apply to the personal lives of employees and volunteers of the Grantee who have the right to support or oppose political candidates and parties as individuals. Employees and volunteers of the Grantee who engage in political activities outside the scope of their employment with, or service to, the Grantee shall always be mindful of maintaining a clear distinction between personal activities and those which can be attributed to the Grantee.

It is best practice for each Grantee to have policies and procedures addressing political intervention activities of its employees and volunteers.

Prohibited Use of Grantee Assets and Resources

As a reminder, no assets or personnel of the Grantee shall be utilized for political activities, as defined above. This prohibition extends to the use of Grantee assets or personnel in support of political activities that are engaged in personally by Board members, members of management, employees, or any other representatives of the Grantee. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing the Grantee), these individuals must always be aware that Grantee resources (including computers and email systems) cannot at any time be utilized in support of political activities.

LOBBYING

Introduction

Unlike political intervention, described in the preceding section, expenditures by a section 501(c)(3) public charity for lobbying activities are allowable under the Internal Revenue Code. However, no lobbying expenditures may be charged directly or indirectly to any federal award (i.e., the Grantee must have a non-federal source of funds to which such lobbying costs can be charged).

The cost of influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost (2 CFR Part 200.450) [45 CFR Part 75.75.450].

Definition of Lobbying Activities

As a reminder, lobbying activities conducted by the Grantee may be either direct or indirect. Direct lobbying activities include attempts to influence legislation through communication with any member or employee of a legislative body (federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Grantee or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, if a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Grantee is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Grantee supports or opposes), and
2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics. It encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

Segregation of Lobbying Expenditures

Lobbying expenditures are allowable for charities under the Internal Revenue Code. However, lobbying may not represent a substantial portion of the Grantee's overall activities. The Grantee's tax exemption would be at risk if lobbying becomes a substantial portion of the Grantee's activities.

Accordingly, the Grantee will segregate all direct and indirect lobbying expenditures in a separate section of the chart of accounts in the general ledger. Where appropriate, lobbying expenditures shall also be allocated their fair and reasonable share of employee benefits and other allocated costs in accordance with cost allocation policies described in the Grantee's policies and procedures.

Lobbying Election

When applicable as a public charity, the Grantee has two options with respect to the Internal Revenue Code's restriction against lobbying being a "substantial" portion of its activities. One option is to make a formal lobbying election, which results in the Grantee following a specific mathematical formula to determine its lobbying limitations. Exceeding the limitation would result in an excise tax assessed to the Grantee. Exceeding the limitation by 50 percent or more over a four-year period would result in loss of the Grantee's overall tax exemption. The other option is to not make the election, resulting in an entirely judgmental assessment of its lobbying activities by the IRS. If it is deemed by the IRS to have engaged in substantial lobbying for any period, the Grantee would lose its overall tax exemption under this option.

If the Grantee incurs lobbying expense, it will make the Internal Revenue Code section 501(h) lobbying election by filing Form 5768 and will leave that election in place until revocation.

It is the Grantee's responsibility to properly track and monitor its lobbying expenses and it is recommended the Grantee work with its fiscal department, Board of Directors, and/or its external financial consultant for assistance.

DEFINITIONS

Capital Assets

(2 CFR 200.12) [45 CFR Part 75.2]

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Capital Expenditures

(2 CFR 200.13) [45 CFR Part 75.2]

Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Contract

(2 CFR Part 200.22) [45 CFR Part 75.2]

Contract means a legal instrument by which the Grantee purchases property or services needed to carry out the project or program under a grant award. The term as used in this part does not include a legal instrument, even if the Grantee considers it a contract, when the substance of the transaction meets the definition of a grant award or subaward.

A contract is for obtaining goods and services for the Grantee's own use and creates a procurement relationship with the contractor. For the purposes of this manual, this definition also applies to subcontracts.

Contractor

(2 CFR Part 200.23) [45 CFR Part 75.2]

Contractor means an entity that receives a contract as defined in 2 CFR Part 200.22 [45 CFR Part 75.2] Contract.

Characteristics indicative of a procurement relationship between the Grantee and a contractor are when the contractor:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the grant program; and
- Is not subject to compliance requirements of the grant program because of the agreement, though similar requirements may apply for other reasons (2 CFR Part 200.330(b)) [45 CFR Part 75.351(b)].

For the purposes of this manual, this definition also applies to subcontractors.

Cost or Price Analysis

A cost analysis is the review and evaluation of any separate cost elements and profit or fee in a proposal or bid as needed to determine a fair and reasonable price. It also includes the application of judgement to determine how well the proposed costs represent what the cost of the contract should be, assuming a reasonable economy and efficiency.

A price analysis is the process of examining and evaluating a proposed price without evaluating its separate elements of cost and proposed profit. At a minimum, appropriate data based on prices at which the same or similar items have previously been sold can be used for evaluating the reasonableness of price. Price analysis may include evaluating data other than cost or pricing data obtained from the offeror or contractor when there is no other means for determining a fair and reasonable price.

Equipment - Small

Small equipment items that have a unit cost of \$500 up to \$5,000 and a useful life of one year or more. (i.e. generators, blower door(s), flue gas analyzers, office equipment, computers, shop tools, etc.). The purchase of these items for use in the program do not require separate OCA approval.

Equipment - Large

(2 CFR Part 200.33) [45 CFR Part 75.2]

Large equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the Grantee for financial statement purposes, or \$5,000 (i.e. insulation machines, vehicles, etc.).

Assets used in operations that have a useful life of more than one year, which are capitalized in accordance with Generally Accepted Accounting Principles (GAAP) are also called capital assets and includes large equipment. The purchase of large equipment that will be direct charged to grant funds (versus purchased with non-grant funds and capitalized with depreciation charged to the grant) requires separate OCA approval (2 CFR Part 200.439) [45 CFR 75.439].

For any acquisition, including transfers from other entities classified as equipment, the Grantee is required to keep a perpetual property inventory list detailing the item, acquisition date, tag number and cost. Refer to the Property & Equipment Inventory sheet in the Ops Manual.

Also see the ACQUISITION OF EQUIPMENT section of this manual.

Grantee

For the purposes of the guidance in the manual, a Grantee includes Local Area Agencies (LAAs), Community Action Agencies (CAAs), local governments, and other receiver of grant funds from or through OCA.

Insurance - Comprehensive Liability

This type of coverage may include directors, officers, contractors, and employee general liability insurance, buildings, contents, computers, boilers, and machinery.

As a best practice, OCA recommends errors and omissions insurance for Grantees Board of Directors to help protect the Grantee. Furthermore, as an additional best practice, OCA recommends Grantees make a video record or maintaining a log of all property, including property that is below the Grantee's capitalization threshold. This record would be useful if an insurance claim needs to be made to replace items lost in a major disaster.

Insurance - Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable federal and state workers' compensation and occupational disease statutes. If occupational diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy, except when contract operations are so commingled that it would not be practical to require this coverage.

Invitation for Bid (IFB)

IFB is an invitation to contractors or equipment suppliers, through a bidding process, to submit a proposal on a specific product or service to be furnished. IFB contracts are awarded solely on the basis of price and price-related factors to determine the recipient of the contract award. IFBs are realized in the form of sealed bids where the lowest aggregate bidder is typically awarded the contract.

Labor

Hiring a contractor to provide certain work measures. Grantees may use a variety of approaches in procuring labor. For example, the Grantee may hire only a portion of the measures or all the measures that are done on a home/dwelling.

OCA recommends procuring labor and materials separately for weatherization activities on a home.

Materials

Material items applied to the home/dwelling.

Micro-purchase Threshold

(2 CFR Part 200.67) [45 CFR Part 75.2]

Micro-purchase means a purchase (single purchase) of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Grantees may use this purchase method to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions); however, it may also be modified by the Office of Management and Budget (OMB) (pursuant to 2 CFR Part 200.102 [45 CFR Part 75.102]). If a Grantee implements policies and procedures that adopt “micro-purchase threshold” language versus adopting a set dollar amount (e.g. \$10,000), the Grantee may find the micro-purchase procurement threshold exceeds the Grantee’s acceptable level of risk for procurement, when the regulation threshold changes. OCA recommends establishing set dollar amounts for procurement thresholds.

Also see the MICRO PURCHASE method of procurement elsewhere in this manual.

Office of Community Assistance (OCA)

OCA refers to the Illinois Department of Commerce & Economic Opportunity Office of Community Assistance.

Personally Identifiable Information (PII).

(2 CFR Part 200.79) [45 CFR Part 75.2]

PII means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites, and university listings. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified.

Also see PROTECTED PERSONALLY IDENTIFIABLE INFORMATION definition section of this manual.

Price Estimate

Price of goods or services based on a guess or estimate of price, considering possible unforeseen circumstances affecting the good or service.

Price Quote

Price of goods or services at a fixed price that is used to know the cost of a good or service prior to purchase.

Protected Personally Identifiable Information (Protected PII).

(2 CFR Part 200.82) [45 CFR Part 75.2]

Protected PII means an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, and educational transcripts.

The grant regulation definition of PPII is similar to the State of Illinois definition (815 ILCS 530/5), where an individual's name in combination with other data elements (social security number, driver's license number, medical information, etc.) or an email address or user name in combination with a password or security question is considered "personal information". The State of Illinois definition of personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

Request for Information (RFI)

RFIs are used to request information from potential contractor(s) to determine what products and services are available in the marketplace, their prices, as well as a mechanism to establish the capability of the contractor(s). An RFI is not an invitation for bid, is not binding on either the Grantee or potential contractor(s), and may or may not lead to an Invitation for Bid (IFB) or a Request for Proposal (RFP). Grantees may use the RFI process to pre-qualify potential bidders or proposers for future procurement transactions. Once a bidder or proposer is pre-qualified, the Grantee may solicit a bid or proposal from them directly by sending them a bid or proposal packet.

See PRE-QUALIFIED CONTRACTORS section of this manual.

Request for Proposal (RFP)

RFPs are used to request pricing and evidence of other vendor/contractor qualifications as part of a solicitation for goods or services. The RFP brings structure to the procurement decision and is designed to provide proposers with important information and evaluation criteria to assist them in determining whether they can fulfill the solicitation requirements. RFPs alert proposers that the selection process is competitive and communicates the selection process. RFPs allow a Grantee to demonstrate impartially.

Services

Services such as temporary clerical or data entry services. Many businesses procure bookkeeping and accounting consultation services because it is most cost effective.

Services may also refer to labor provided for an intangible product, such as an auditor providing services, construction workers providing a service when using materials to construct or improve a facility, etc.

Simplified Acquisition Threshold

(2 CFR Part 200.88) [45 CFR 75.2]

The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions); however, it may also be modified by the Office of Management and Budget (OMB) (pursuant to 2 CFR Part 200.102 [45 CFR Part 75.102]). If a Grantee implements policies and procedures that adopt “simplified acquisition threshold” language versus adopting a set dollar amount (e.g. \$250,000), the Grantee may find the simplified acquisition threshold exceeds the Grantee’s acceptable level of risk for procurement, when the regulation threshold changes. OCA recommends establishing set dollar amounts for procurement thresholds that make sense for the Grantee (typically lower than the federal regulation thresholds).

Simplified acquisition threshold means the dollar amount at which a Grantee must use a sealed bid or competitive proposal method of procurement under the Uniform Guidance regulations; however, Grantees may establish lower thresholds at which it will use the sealed bid or competitive proposal method of procurement, based on its internal risk assessment.

Small Purchase Threshold

The small purchase threshold is the dollar range exceeding the micro purchase threshold and below the simplified acquisition threshold.

Also see the SMALL PURCHASE method of procurement elsewhere in this manual.

Supplies

(2 CFR Part 200.94) [45 CFR Part 75.2]

Supplies means all tangible personal property other than those described as equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the Grantee for financial statement purposes or \$5,000, regardless of the length of its useful life.

Supplies - Consumable

Items, which are consumed when used, have an aggregate cost of less than \$5,000 and a useful life of less than one year. This includes weatherization materials used to weatherize dwelling(s). (i.e. caulk, insulation, doors, windows, etc.).

STANDARDS OF CONDUCT

Code of Conduct in Purchasing

(2 CFR Part 200.318(c)(1)) [45 CFR Part 75.327(c)(1)]

The Grantee’s ethical conduct in managing its purchasing activities is absolutely essential. Grantee staff must always be mindful that they represent the Grantee and share a professional trust with other staff and funding sources. In accordance with 2 CFR Part 200 [45 CFR Part 75], Grantees shall have a Code of Conduct in Purchasing that addresses the following:

- Grantee staff shall discourage the offer of, and decline, individual gifts or gratuities that might influence the purchase of supplies, equipment, and/or services.

- No officer, Board member, employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, Board member, employee or agent, or any member of his or her immediate family, his or her spouse or partner, or a Grantee that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the contractor selected (2 CFR Part 200.318(c)(1)) [45 CFR Part 75.327(c)(1)]. Also see CONFLICTS OF INTEREST section of this manual.
- Officers, Board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements.
- Grantee staff shall notify a member of senior management if they are offered such gifts.
- Unsolicited gifts with a minimum value determined by the Grantee may be accepted with the approval of a member of the Grantee's senior management.
 - The value and member of senior management are to be identified in the Grantee's policies and procedures manual.
 - Senior management's approval for acceptance of unsolicited gifts with minimal value can be provided at a staff meeting where such gifts are discussed. It may be impractical to require senior management's approval every time such gifts are offered, for example, giveaways at a conference.
 - The Grantee's must state the minimum value that is reasonable for its entity. Grantee's may also choose to prohibit all gifts, regardless of value, and should state this decision in its policies and procedures.

The Standards of Conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Grantee (2 CFR Part 200.318(c)(1)) [45 CFR Part 75.327(c)(1)]. See CONFLICTS OF INTEREST section for disciplinary actions.

CONFLICTS OF INTEREST

Introduction

In accordance with 2 CFR Part 200.112 [45 CFR Part 75.112], Grantees must establish conflict of interest policies for grant awards and must disclose in writing any potential conflict of interest to the awarding agency in accordance with applicable policy.

The IRS states that a conflict of interest occurs when an individual's obligation to further an entity's charitable purpose is at odds with its own financial interest. There are various ways to determine whether a conflict of interest exists, and this manual does not prescribe any specific means to do so. Each Grantee must tailor a policy that best helps it avoid the possibility that those in positions of authority would receive an inappropriate benefit. Further, the IRS indicates that entities will lose their tax-exempt status unless they operate in a manner consistent with their charitable purpose. Serving private interests more than substantially is inconsistent with accomplishing charitable purposes.

Written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award, and administration of contracts must be maintained by the Grantee. No employee, officer, or agency may participate in the selection, award, and administration of a

contract supported by a federal or state award if he or she has a real or apparent conflict of interest. (2 CFR Part 200.318(c)(1)) [45 CFR 75.327(c)(1)].

The following offers guidance to the Grantees in developing a code:

- Written standards of conduct should cover, at a minimum, expected conduct regarding financial interests, gifts, gratuities and favors, and nepotism. The standards must do the following:
 - Address the conditions under which outside activities, relationships, or financial interests are proper or improper;
 - Provide for advance notification of outside activities, relationships, or financial interests to a responsible organization official; and
 - Outline how financial conflict of interest may be addressed [45 CFR Part 75.112(a)(3)].
 - Include a process for notification and review by the responsible official of potential or actual violations of the standards; and
 - Specify the nature of the penalties that the organization may impose.

Best practice is to have the code of conduct reviewed and signed annually by Board members, staff members, and volunteers. Ask Board and staff members with procurement responsibilities to annually review a list of contractors to identify potential conflicts of interest. Grantees who file a Form 990 are asked whether it has a written conflict of interest policy and if officers, directors, or trustees, and key employees are required to disclose annually interests that could be conflicts and if the entity regularly and consistently monitors and enforces compliance with the policy. Grantees may want to work with its legal counsel to prepare or review its code of conduct and conflict of interest policies.

Every Grantee should also have an overall Code of Conduct for its employees and volunteers. This code of conduct is separate from a Code of Conduct in Purchasing and is typically found in the employee handbook.

General Information

In the course of business, situations may arise in which a Grantee decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest. The Grantee's conflict of interest policy is to protect the Grantee's interest when it considers entering into a transaction or arrangement that might benefit the private interest of a director or employee of the Grantee or might result in a possible excess benefit transaction.

All employees and directors of the Grantee owe a duty of loyalty to the Grantee. This duty necessitates that in serving the Grantee, they act solely in the interests of the Grantee, not in their personal interests or in the interests of others. All Grantee directors and employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Grantee in dealing with outside entities or individuals
2. Disclose real and apparent conflicts of interest to the Board of Directors
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict

What Constitutes a Conflict of Interest

The persons covered under this policy shall hereinafter be referred to as “interested persons.” Interested persons include all members of the Board of Directors and all employees, as well as persons with the following relationships to directors or employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a 35% or more ownership or beneficial interest
6. Organization or business that employs, or is about to employ, any of the parties indicated here

The 35% financial interest threshold used in the preceding list is based on the IRS definition of disqualified persons in IRC section 4958 (26 U.S.C. 4958). The Grantee may choose to use a lower threshold when preparing its policy. Further, the above list is not comprehensive. Other relationships such as close friendships may also cause a conflict of interest. Each situation must be evaluated by the Grantee for potential conflict.

The Grantee may set standards for situations in which the financial interest is not substantial, or a gift is an unsolicited item of nominal value (2 CFR Part 200.318(c)(1)) [45 CFR Part 75.327(c)(1)].

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Grantee. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (i.e. seeking preferential treatment, using confidential information), and arises when a board member or employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the Grantee or person conducting business with the Grantee.

A potential conflict of interest is a situation or circumstance that is not currently a conflict of interest, but is likely to be classified as, or result in, a conflict of interest.

Examples of conflicts of interest include, but are not limited to, situations in which a board member or employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Grantee and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.
2. Negotiates or approves a contract, sale, or lease on behalf of the Grantee and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.
3. Employs or approves the employment of, or supervises a person who is an immediate family member of a board member or employee.
4. Sells products or services in competition with the Grantee.
5. Uses the Grantee’s facilities, other assets, employees, or other resources for personal gain.

6. Receives a substantial gift from a contractor, if the board member or employee is responsible for initiating or approving purchases from that contractor.

Organizational Conflicts of Interest

If the Grantee has a parent, affiliate, or subsidiary that is not a state, local government, or Indian tribe, the Grantee must maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary, the Grantee is unable, or appears to be unable, to be impartial in conducting a procurement action involving a related entity. (2 CFR 200.318(c)(2)) [45 CFR 75.327(c)(2)]

Organizational conflicts of interest are more likely to occur in contracts involving management support services, consultant or other professional services, contractor performance of, or assistance in, technical evaluations, or systems engineering, and technical direction work performed by a contractor that does not have overall contractual responsibility for development or production.

All organizational relationships shall be identified and disclosed to the Board of Directors and other key personnel, as determined by the Grantee, on an annual basis or as they are made known. The Grantee's Board of Directors is responsible for performing a thorough analysis of potential conflicts of interest to ensure impartiality and objectivity in performance of the contractual objectives.

Each individual contracting situation should be examined on the basis of its particular facts and the nature of the proposed work. Grantees will exercise common sense, good judgment, and sound discretion when evaluating the decision on whether a significant potential conflict exists and, if it does, the development of an appropriate means for resolving it. This evaluation will help prevent the existence of conflicting roles that might bias judgment; and help prevent unfair competitive advantage.

Honoraria Acceptance

A Grantee employee shall not accept an honorarium for an activity conducted where grantee-reimbursed travel, work time, or resources are used or where the activity can be construed as having a relationship to the employee's position with the Grantee. Such activity would be considered official duty on behalf of the Grantee. A relationship exists between the activity and the employee's position with the Grantee if the employee would not participate in the activity in the same manner or capacity if he or she did not hold his or her position with the Grantee. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's grantee-related duties.

Nothing in this policy shall be interpreted as preventing the payment to the Grantee by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to the

Grantee (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to the Grantee should be deposited to the Grantee's account and an appropriate entry should be coded to the same program or department to which the employee's corresponding time was charged.

Disclosure Requirements

The Grantee must disclose in writing any potential conflict of interests to the awarding agency in accordance with applicable awarding agency policy (2 CFR Part 200.112) [45 CFR Part 75.112].

A director or employee of the Grantee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, Grantees may adopt the following procedures for disclosure and communication of conflict of interest or use these to develop their own procedures:

1. At the inception of employment or volunteer service to the Grantee, and on an annual basis thereafter, the Fiscal or Human Resource Department of the Grantee shall distribute a list of all contractors with whom the Grantee has transacted business at any time during the preceding year (or two, or other period determined by the Grantee), along with a copy of the disclosure statement to all members of the Board of Directors, the CEO/Executive Director, members of senior management, and employees with purchasing and/or hiring responsibilities or authority. Using the prescribed form, these individuals shall inform, in writing and with a signature, the CEO/Executive Director and the Board of Directors of all potential reportable conflicts.
2. During the year, these individuals shall submit a signed, updated disclosure form if any new potential conflict arises.
3. The CEO/Executive Director shall review all forms completed by employees, and the Board of Directors shall review all forms completed by directors and the CEO/Executive Director, and determine appropriate resolution. (See RESOLUTION OF CONFLICTS OF INTEREST section of this manual.)
4. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a staff, director, or committee member having a conflict of interest, and who is in attendance at the meeting, shall disclose all facts material to the conflict of interest. Such disclosure shall be included in the minutes of the meeting.
5. A staff, director, or committee member who plans not to attend a meeting at which he or she has a reason to believe that the management, board, or committee will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

6. A person who has a conflict of interest shall not participate in or be permitted to hear management's, the board's, or the committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.
7. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of the Grantee has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.
8. If required by the awarding agency, the Grantee will notify the agency in writing of any potential conflict of interest. (2 CFR Part 200.112) [45 CFR Part 75.112]
9. The Board of Directors will review and sign the Conflicts of Interest policies of the Grantee every year.

As a reminder, CSBG Standards (IM 138) state that governing Board members must have signed a conflict of interest policy within the past two years. Further, Part VI of IRS Form 990 asks organizations to indicate whether any officer, director, trustee, or key employee had a family relationship or business relationship with any other officer, director, trustee, or key employee.

Resolution of Conflicts of Interest

Grantees may set standards for situations in which the financial interest is not substantial, or a gift is an unsolicited item of nominal value (2 CFR Part 200.318(c)(1)) [45 CFR Part 75.327(c)(1)]. The standards of conduct developed by the Grantee must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Grantee.

All real or apparent conflicts of interest shall be disclosed to the Grantee's Board of Directors and the CEO/Executive Director. Conflicts may be resolved using the following means, including any additional steps deemed appropriate by the Grantee:

- The Grantee's Board of Directors shall be responsible for making all decisions concerning resolutions of conflicts involving directors, the CEO/Executive Director, and other members of senior management.
- The Board Chairperson shall be responsible for making all decisions concerning resolutions of conflicts involving Board or Committee members.
- The Audit or Finance Committee Chairperson shall be responsible for making all decisions concerning resolutions of the conflict involving the Board Chairperson.
- The CEO/Executive Director shall be responsible for making all decisions concerning resolutions of conflicts involving employees below the senior management level, subject to the approval of the Board of Directors.

The Grantee may also adopt the following steps for an employee or director of the Grantee to appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the Board.
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full Board of Directors.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the Board.

Disciplinary Action for Violations of This Policy

Grantee policies and procedures for standards of conduct must provide for disciplinary actions for violations of the standards by the Grantee's officers, employees, or agents (2 CFR Part 200.318(c)(1) [45 CFR Part 75.327(c)(1)]).

GENERAL PROCUREMENT GUIDANCE

Overview

OCA requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The guidance in this section describes the principles and procedures that all Grantee staff are to adhere to in the completion of their designated responsibilities.

The goal of this procurement guidance is to ensure that materials and services are obtained in an effective manner, and a reasonable cost, and in compliance with the provisions of applicable federal and state statutes and grant requirements.

Separation of Duties

Grantees must establish the internal process that will be used for completing procurement transactions which offers proper separation of duties. Grantees will strive to ensure no one individual or group will be in a position to initiate, approve, take custody of, and review the same procurement action.

There should be proper separation of duties between the individuals who:

- Approve/authorize purchases
- Records transactions (i.e. recordkeeping, posting to accounting system)
- Has custody/control of assets involved (i.e. physical position, safekeeping)
- Reviews or reconciles assets

Grantees with a limited number of staff should have alternative controls and procedures when adequate separation of duties is not present. These should be documented in the Grantee's financial policies and procedures.

Request for Proposal or Invitation for Bid Approval by Board

Grantees are responsible for preparing a Request for Proposal (RFP), Invitation for Bid (IFB), or Request for Information (RFI) for projects that the Grantee is pursuing or intends to pursue. RFPs or IFBs that are significant to the Grantee or exceed the simplified acquisition threshold should be reviewed by the Grantee's Fiscal Officer prior to issuance to ensure available project budget. Final IFB or RFP shall be reviewed and approved in accordance with the Grantee's procurement authorization thresholds and procurement procedures.

Competition

2 CFR Part 200.319 [45 CFR Part 75.328] [2 CFR Part 910.126]

All procurement transactions will be conducted in a manner providing full and open competition. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services and weatherization services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

To promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or statements of work, invitations for bids, or request for proposals to bid on such procurements.
- Not place unreasonable requirements on proposers, bidders, etc. for them to qualify to do business.
- Not require unnecessary experience or excessive bonding.
- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors. Other factors may include general and technical competencies, programmatic expertise, fiscal expertise, knowledge of compliance requirement, etc. These factors are to be determined by the Grantee for the applicable procurement transaction.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Grantee's best interest. Also see EVALUATION OF BIDS, PROPOSALS, AND CONTRACT AWARDS section of this manual.
- Not give preference to state or local geographical areas unless such preference is mandated by federal statute. (2 CFR Part 200.319(b)) [45 CFR Part 75.328(b)]

- Use “name brand or equivalent” description only to define the performance or requirements. (2 CFR Part 200.319(c)(1)) [45 CFR Part 75.328(c)(1)]
- Not include any arbitrary actions in the procurement process

Also see the ADVERTISEMENT PLAN section of this manual.

Nondiscrimination Policy

All contractors who are the recipients of Grantee funds or who propose to perform any work or furnish any goods under agreements with Grantee, shall agree to these important principles:

- Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, gender, gender expression, age, disability, marital status, sexual orientation, military status, national origin, or other protected class, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.
- Contractors agree to post in conspicuous places to be available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

PROCUREMENT PROCEDURES

General Procurement Procedures

According to Uniform Guidance 2 CFR 200.318(a) [45 CFR Part 75.327(a)] Grantees are to have documented procurement procedures. In addition, CSBG Organizational Standards state that a written procurement policy be in place and reviewed by the governing Board no more than every five-(5) years.

This section describes the general procurement procedures Grantees should will follow to ensure compliance with approved procurement regulations. Proper procurement will result in the assurance that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the Grantee in terms of quality, quantity, time, and location.

The following are procurement procedures the Grantee must follow:

1. Grantee shall avoid purchasing items that are unnecessary or duplicative for the performance of the activities required by a grant award. (2 CFR Part 200.318(d)) [45 CFR Part 75.327(d))]
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. (2 CFR Part 200.318(d)) [45 CFR Part 75.327(d))]. This analysis should only be made when both lease and purchase alternatives are available to the program. Grantees may perform this analysis using tools and information it deems appropriate (online calculators, Excel, etc.).

Grantees may wish to consider the following items when performing this analysis (this list is not all-inclusive):

- a. Expected period of use
- b. Market pricing; up-to-date market knowledge
- c. Cash flow
- d. Monthly expenses to be paid by the Grantee
- e. Value at the end of the lease; residual value
- f. Mileage restrictions, if applicable
- g. Maintenance and repair costs
- h. Obsolescence (technology, specialty equipment)
- i. Disposition costs and requirements

3. Grantees are encouraged to enter into state and local inter-governmental or inter-entity agreements, where appropriate and available, for procurement or use of common or shared goods and services. (2 CFR Part 200.318(e)) [45 CFR Part 75.327(e)]
4. Grantees are encouraged to use federal or state excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. (2 CFR Part 200.318(f)) [45 CFR Part 75.327(f)]
5. Documentation of the cost and price analysis associated with each procurement decision, including contract modifications, in excess of the simplified acquisition threshold, and for all procurements involving materials and labor for weatherization services, is to be retained in the procurement files pertaining to each award. (2 CFR Part 200.323) [45 CFR Part 75.332]

See the MARKET ANALYSIS section of this manual.

6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current (updated annually) and include enough qualified sources to ensure maximum open and full competition. (2 CFR Part 200.319(d)) [45 CFR Part 75.328(d)]

See the PRE-QUALIFIED CONTRACTOR and JOB ORDER COSTING (JOC) section of this manual.

7. Grantees will maintain records sufficient to detail the history of procurement, including the following, at a minimum: (2 CFR Part 200.318(i)) [45 CFR Part 75.327(i)]
 - a. Rationale for the method of procurement;
 - b. Selection of contract type;
 - c. Contractor selection or rejection;
 - d. The basis for the contract price; and
 - e. Market analysis, as appropriate.

See PROCUREMENT RECORDS section of manual.

8. Grantees shall make all procurement files available for inspection upon request by an awarding agency.

9. Grantee shall not utilize the cost-plus-a-percentage-of-costs or percentage of construction cost methods of contracting. (2 CFR Part 200.323(d)) [45 CFR Part 75.332(d)] In construction, this is a method of payment to a contractor in which an additional amount of money, expressed as a percentage, is paid by the Grantee that is designated to cover the contractor's overhead costs.

Grantee will provide all staff members with the authority to approve purchases with a copy of, and training to be familiar with, 2 CFR Part 200 Subpart E - Cost Principles [45 CFR Part 75 Subpart E – Cost Principles]. See APPENDIX for grant regulations.

Required Solicitation of Quotations from Contractors

Solicitations for goods and services (RFPs or IFBs) should provide for all the following, in addition to other information determined by the Grantee to be appropriate for the procurement transaction:

1. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features which unduly restrict competition. (2 CFR Part 200.319(c)(1)) [45 CFR Part 75.328(c)(1)]
2. Requirements which the bidder/proposer must fulfill and all other factors to be used in evaluating bids or proposals. (2 CFR Part 200.319(c)(2)) [45 CFR Part 75.328(c)(2)]

Grantees must have a written method for conducting technical evaluations of the proposals received under the procurement by competitive proposal method (2 CFR Part 200.320(d)(3)) [45 CFR Part 75.329(d)(3)]. (See CONSIDERATION FACTORS FOR EVALUATION OF ALTERNATIVE CONTRACTORS elsewhere in this manual for required criteria.)

3. Minimum essential characteristics or technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards it must conform to satisfy its intended use. (2 CFR Part 200.319(c)(1)) [45 CFR Part 75.328(c)(1)]
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. (2 CFR Part 200.319(c)(1)) [45 CFR Part 75.328(c)(1)]
5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity(ies) requested and unit(s) of measure.

The confidentiality of bids, proposals, and/or quotations must always be maintained. The receipt of such must respect this requirement as well.

Market Analysis

2 CFR Part 200.323 (45 CFR Part 75.332)

For every procurement transaction, including contract modifications, in excess of the simplified acquisition threshold, **and for all procurements involving materials and labor for weatherization services**, Grantees must:

- Perform a cost or price analysis. The method and degree of analysis should be dependent on the facts surrounding the particular procurement action and include independent estimates made prior to receiving bids or proposals. This analysis may include the following (list is not all-inclusive):
 - Obtaining pricing from retailers or wholesalers, going to websites to find cost of materials, using construction bidding software for labor costs, and other methods deemed appropriate by the Grantee.
 - Grantees will review pricing of materials from contractors for weatherization materials, etc.
 - Grantees will determine if the pricing, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost (2 CFR Part 200.404) [45 CFR Part 75.404].
 - OCA recommends a market analysis be performed for all weatherization services (material and labor).
- Negotiate profit as a separate element of the price for each contract in which there is no price competition, and in all cases where cost analysis is performed. To establish a fair and reasonable profit:
 - Consideration must be given to the complexity of the work to be performed;
 - The risk borne by the contractor;
 - The contractor's investment;
 - The amount of subcontracting, the quality of its record of past performance; and
 - Industry profit rates in the surrounding geographical area for similar work.

When performing a market analysis, Grantees will consider:

- Whether the cost is ordinary and necessary for the operation or proper and efficient performance of the program.
- The market prices for comparable goods or services for the geographic area.
- Comparison of proposed cost or price received in response to an IFB or RFP where adequate competition has been obtained.
- Comparison of the proposed cost or price to historical costs and prices paid for the same or similar items, provided:
 - The prior cost or price is a valid basis for comparison, with no significant time lapse between the last acquisition and the present one. If the reasonableness of the cost or price is uncertain, then the prior cost or price may not be a valid basis for comparison.
 - There is no significant difference in the terms and conditions. The prior cost or price must be adjusted to account for materially differing terms and conditions, quantities and market and economic factors.

Comparison with published cost or price lists, including discount or rebate arrangements.

- Comparison of proposed costs or prices with the costs or prices obtained through market research for the same or similar items.

Costs, or prices based on estimated costs, for contracts must be allowable under Subpart E-Cost Principles under 2 CFR Part 200 (45 CFR Part 75). Costs that are unallowable under cost principles will not be reimbursed.

OCA recommends that Grantees work together to develop regional market analysis to share the workload and cost of conducting the market analysis, and to reduce the variance in prices from contractors in a region.

Methods of Procurement

Grantees will determine the appropriate method of procurement based on the type of purchase to be made or the scope of work needed, and the method of procurement required in accordance with the regulations and the Grantee's internal procurement policies and procedures. All procurement transactions must be conducted in a manner providing full and open competition.

The approved methods of procurement are subject to the approved threshold amounts determined by the Grantee. When Grantees review and update its authorization and procurement thresholds, it is important to consider how its policies and procedures address procurement thresholds and authorization limits. The procurement thresholds (for micro-purchase and the simplified acquisition threshold) in 2 CFR Part 200 [45 CFR Part 75] are tied to the federal acquisition thresholds at 48 CFR Subpart 2.1 (Definitions); these thresholds are periodically adjusted.

MICRO-PURCHASE

(2 CFR Part 200.67, 2 CFR Part 200.320(a)) [45 CFR Part 75.2, 45 CFR 75.329(a)]

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. To the extent practicable, the Grantee must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the Grantee considers the price to be reasonable. When using the micro-purchase method of procurement, Grantees should have procedures for the following:

- Determining if a price is considered reasonable based on current market
- Process for ensuring micro-purchases are equitably rotated among qualified suppliers, provided pricing is comparable
- How to determine qualified suppliers

The purchase of large equipment that will be direct charged to grant funds (versus capitalized and depreciation charged to the grant) requires separate OCA approval. See DEFINITIONS section of this manual for large equipment and the micro-purchase threshold.

SMALL PURCHASES

(2 CFR Part 200.320(b)) [45 CFR 75.329(b)]

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that does not cost more than the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from a minimum number of qualified sources.

See ACQUISITION OF EQUIPMENT section of this manual.

SEALED BIDS

(2 CFR Part 200.320(c) [45 CFR 75.329(c)]

The sealed bid method is for purchases that cost more than the simplified acquisition threshold, or a dollar threshold established by the Grantee, whichever is lower. The sealed bid method is the preferred method of procurement for procuring goods with a fixed price, including for example, weatherization materials or appliances.

This method of procurement should be used if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price and price-related factors.

The sealed bid process focuses mainly on price and is usually done early in the procurement cycle. This allows vendors/contractors time to prepare their bids to meet the specifications of the bid solicitation. Bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid:

- Conforms with all the material terms and conditions of the invitation for bids, and
- Is the lowest in price, also considering price-related factors.

IFBs will include any specifications, pertinent attachments, and will define the items or services in order for the bidder to properly respond. Price-related factors such as discounts, transportation cost, life cycle costs, etc. must be considered in determining which bid is lowest. Payment discounts will only be considered when prior experience indicates that such discounts are usually taken advantage of.

Bidders must:

- Comply with all bid specifications
- Be capable of administrative capacity
- Perform the work, and/or supply the materials

Any and all bids may be rejected if there is a sound documented reason. Upon OCA request, the Grantee will make available for pre-procurement review the procurement documents, invitations for bids, requests for proposals, or independent cost estimates when the proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a

sealed bid procurement (2 CFR Part 200.324(b)(4) [45 CFR 75.333(b)(4).

Sealed bid requests will be publicly advertised in compliance with the Grantee's approved advertising plan. See the ADVERTISEMENT PLAN section of this manual.

COMPETITIVE PROPOSALS

(2 CFR Part 200.320(d)) [45 CFR 75.329(d)]

The competitive proposal procurement method is similar to the sealed bid method of procurement and is for purchases that cost more than the simplified acquisition threshold, or the dollar threshold established by the Grantee, whichever is lower.

Competitive proposals differ from the sealed bid method of procurement when price and other factors are considered to determine the most advantageous proposal. Examples of some of the other factors may include background and experience, possession of unique equipment or technical expertise, unique qualifications, capacity, references, and consideration of minority, small business, women-owned businesses, and labor surplus area firms. (See CONSIDERATION OF MINORITY, SMALL BUSINESS, WOMEN-OWNED BUSINESSES, AND LABOR SURPLUS AREA FIRMS section of this manual.)

Competitive proposal procurement requirements include (2 CFR Part 200.320(d)) [45 CFR Part 75.329(d)]:

- Request for Proposals (RFPs) must be publicized. (See the ADVERTISEMENT PLAN section of this manual).
- RFPs must include all evaluation factors and their relative importance. RFPs should also include all specifications, terms and conditions that the proposer must meet.
- Any response to publicized RFPs will be considered to the maximum extent possible.
- Proposals must be solicited from a number of qualified sources. There must be at least two responsive proposers competing for the contract.
- Grantee must have a method for conducting the technical evaluation of all areas of the proposals. (See CONSIDERATION FACTORS FOR EVALUATION OF ALTERNATIVE PROPOSERS section of this manual).
- Contracts must be awarded to the responsible proposer whose proposal is most advantageous to the program, with price and other factors considered.

See INVITATION FOR BID (IFB) AND REQUEST FOR PROPOSAL (RFP) INFORMATION section of this manual.

NON-COMPETITIVE PROPOSALS

(2 CFR Part 200.320(f)) [45 CFR 75.329(f)]

Non-competitive procurement method (commonly referred to as sole-source) is procurement through solicitation of a proposal from only one source and may be used when one or more of the following circumstances apply:

1. Item is available only from a single source;
2. Public necessity or emergency will not allow time for competitive solicitation;
3. After solicitation, competition is deemed inadequate (insufficient proposers or bidders); or
4. OCA expressly authorizes non-competitive proposals in response to a written request from the Grantee. In some instances, approval from OCA must be obtained, such as:
 - a. None of the circumstances in 1.-3. above apply; or
 - b. When the procurement is expected to exceed the simplified acquisition threshold and the procurement is to be awarded without competition or only one bid or offer is received in response to a solicitation (2 CFR 200.324(b)(2)) [45 CFR 75.333(b)(2)]

Any sealed bid or competitive proposal procurement automatically goes to the non-competitive proposal (sole source) method of procurement, with all its attached additional requirements, when only one bid or proposal is received.

Public necessity or emergency may be determined where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff/ client/ consumer and protection of staff/ client's/ consumer's property is involved. The reasons for such purchases will be documented in the procurement file.

Also see ADVERTISEMENT PLAN for additional information on to possibly expand competition.

Prevailing Wages

Contractors and subcontractors are to pay laborers, workers, and mechanics employed on public works projects, no less than the general prevailing hourly rate of wages (consisting of hourly cash wages plus fringe benefits) for work of similar character in the locality where work is performed.

Public works projects as defined by 820 ILCS 130 are all fixed works constructed or demolished by any public body, or paid for wholly or in part, out of public funds (financed with bonds, grants, loans, or other funds made available by or through the State or any of its political subdivisions). This includes any maintenance, repair, assembly, or disassembly work performed on equipment whether owned, leased, or rented.

For federally-funded contracts in excess of \$2,000, Grantees are required to comply with the provisions of the Davis-Bacon Act, as amended (40 U.S.C. 3141-3148) for actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from federal funds. Projects for the Illinois Home Weatherization Assistance Program (IHWAP) are not subject to the Davis-Bacon Act, as amended, but are subject to the Illinois Prevailing Wage Act (820 ILCS 130/) for rental sites.

Advertisement Plan

Advertising media includes magazines, newspapers, radio and television, direct mail, electronic or computer transmittals, and the like (2 CFR Part 200.421(a)) [45 CFR Part 75.421(a)]. Allowable advertising costs include those costs for the procurement of goods and services for the performance of a federal or state award or the disposal of scrap or surplus materials acquired in the performance of an award, except when Grantees are reimbursed for disposal costs at a predetermined amount (2 CFR Part 200.421(b)(2) [45 CFR Part 75.421(b)(2)]).

The public advertising plan for each IFB and RFP shall be designed to encourage maximum participation. Grantees should publicly advertise IFBs and RFPs using a medium designed to reach the maximum potential bidders and proposers and ensures maximum coverage of the service territory. Examples of public advertising that may be used include:

- Direct solicitation of recommended or previously used vendors/contractors
- Grantee's public website
- Grantee's social media accounts
- IFB or RFP databases, if available
- Print and electronic advertisements (newspapers, emails, internet, local cable channel)
- Audio advertisements (radio station, Pandora©, Spotify©)
- Professional associations

Public advertisements will include, at a minimum:

- Grantee's name and address, including contact name and phone number
- Date, time and location, including address, of bid/proposal meeting, if applicable
- Notice that participation in the meeting is mandatory for the bidder's or proposer's solicitation to be considered, if applicable
- IFBs will include any specifications and pertinent attachments and will define the items or services for the bidder to properly respond
- RFPs will identify all evaluation factors and their relative importance, as determined by the Grantee
- IFBs will identify the time and place sealed bids will be opened (for local governments and tribal governments, bids will be opened publicly)
- Notice to bidders/proposers that incomplete bid/proposal packages will not be considered
- (See ADVERTISEMENT SAMPLE in Appendix.)

The availability of electronic communication (Grantee social media accounts, website, email, etc.) allows Grantees a more cost effective and expansive advertising reach than traditional print media. To maximize communication of IFBs and RFPs, OCA recommends Grantees utilize a method of advertising that balances and encourages digital advertising with traditional advertising. In the event a Grantee determines it has not received an adequate number of responses to an IFB or RFP, evaluation of the advertising method used may be completed by OCA.

Invitation for Bid (IFB) and Request for Proposal (RFP) Information

Grantee written procedures for procurement transactions must ensure that all solicitations incorporate clear and accurate descriptions of the technical requirements for the material, product, or service to be procured. Such description must not contain features which unduly restrict competition (2 CFR Part 200.319(c)(1)) [45 CFR 75.328(c)(1)]. IFB and RFP descriptions must not contain features which unduly restrict competition. Descriptions may include:

- A statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use;
- Detailed product specifications should be avoided if possible;
- When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- Grantee procedures must ensure that all solicitations identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals (2 CFR Part 200.319(c)) [45 CFR Part 75.328(c)].

The Grantee must make available, upon request of OCA, the technical specifications on proposed procurements where OCA believes such review is needed to ensure that the item or service specified in an IFB or RFP is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the Grantee desires to have the review accomplished after a solicitation has been developed, OCA may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase (2 CFR 200.324(a)) [45 CFR 75.333(a)].

Further, in the event a proposed contract modification changes the scope of a contract or increases the contract amount above the simplified acquisition threshold, the Grantee must make available, upon OCA request, the IFB, RFP, independent cost estimates, and/or other procurement documents (2 CFR Part 200.324(b)(5)) [45 CFR 75.333(b)(5)].

INVITATION FOR BID (IFB) (SEALED BIDS)

The Grantee will establish a review committee to prepare a summary of bids received that meet the compliance and invitation requirements. Grantees will review and consider any response to publicized requests, to the maximum extent practical, evaluating price and price-related factors.

Grantees will award a firm fixed price contract in writing to the most responsive and responsible bidder with the lowest price. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of (2 CFR Part 200.320(c)(2)(iv)) [45 CFR Part 75.329(c)(2)(iv)].

Any or all bids may be rejected if there is a sound documented reason (2 CFR Part 200.320(c)(2)(v) [45 CFR Part 75.329(c)(2)(v)].

REQUEST FOR PROPOSAL (RFP) (COMPETITIVE PROPOSAL)

The Grantee will develop and use an evaluation tool to complete proposal evaluation and scoring. Grantees must have a written method for conducting technical evaluations of the proposals received (2 CFR Part 200.320(d)(3)) [45 CFR 75.329(d)(3)]. Grantees will review and consider any response to publicized requests, to the maximum extent practical (2 CFR Part 200.320(d)(1)) [45 CFR 75.329(d)(1)].

The aggregate evaluation score is weighted among various factors to determine the proposer selected for contract award. The RFP should include and describe the factors and weights that will be used to evaluate proposals. Grantees will award contracts to the responsible proposer that is most advantageous to the program, with price and other factors considered (2 CFR Part 200.320(d)(4)) [45 CFR Part 75.329(d)(4)].

INFORMATIONAL MEETING

Grantees will hold an informational meeting, as specified in the advertisement(s), if applicable. A record (e.g. sign in sheet or other document) of participants of the informational meeting will be maintained. During this meeting, the Grantee will disseminate bid or proposal packets to all participants. The packets will include the information required for the applicable method of procurement.

The Grantee will take minutes from the meeting. If modifications to the IFB or RFP are necessary, the Grantee will inform the bidders/proposers that information, including answers to questions, will not be disseminated orally but will be provided to all participants in writing.

The Grantee will provide explicit instructions to all bidders/proposers as to when IFB or RFP packages must be returned.

See METHODS OF PROCUREMENT section of this manual.

PROCEDURES FOR RECEIPT OF BIDS AND PROPOSAL PACKAGES

General best practice procedures are for the Grantee staff who are designated to receive the submitted packages to maintain records of receipt including:

- Documenting the date of receipt by stamping the package with date received via postal mail or electronic mail
- Logging the package receipt on a tracking sheet which will be included in the master procurement file

Packages should be maintained in a secure location until the designated time of opening.

EXTENSION OF DUE DATES AND RECEIPT OF LATE PROPOSALS

Solicitations (invitations and requests) should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a bidder/proposer requests an extension prior to the due date and the extension is granted in writing by the Grantee.

Contractor bids/proposals are considered late if received after the due date and time specified in the invitation/request. Late bids and proposals shall be so marked on the outside of the envelope and retained, unopened, in the procurement folder. Bidders/proposers that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

SEALED BID OPENING

Grantees will hold a formal bid opening (public or private) as detailed in the METHOD OF PROCUREMENT and ADVERTISEMENT PLAN section of this manual and in accordance with the Grantee's policies and procedures. The bids/proposals will be tracked using a method determined by the Grantee that will be used for scoring and evaluation and be retained as part of the procurement documentation.

EVALUATION OF BIDS, PROPOSALS AND CONTRACT AWARDS

Grantees will evaluate and score all bids/proposals based on the appropriate method of procurement. The Grantee will establish a review committee to evaluate all bids/proposals for compliance with all requirements as outlined in the invitation or request. Evaluations will be retained as part of the procurement documentation.

The Grantee's evaluation process may utilize some or all the following:

- All complete and properly submitted bids or proposals will be evaluated (see PROCEDURES FOR RECEIPT OF BIDS AND PROPOSALS and EXTENSION OF DUE DATES AND RECEIPT OF LATE BIDS OR PROPOSALS section of this manual)
- Review and scoring of the evaluation factors that were determined at the beginning of the procurement process and included in the solicitation
- Any and all bids may be rejected if there is a sound documented reason (2 CFR Part 200.320(c)(2)(v)) [45 CFR Part 75.329(c)(2)(v)], as determined by the Grantee

There is no blanket evaluation process as each Grantee must determine what is needed for each procurement, bid, proposal, job, etc.

Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms

(2 CFR Part 200.321) [45 CFR Part 75.330]

Positive efforts shall be made by the Grantee to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Assure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. (2 CFR Part 200.321) [45 CFR Part 75.330]
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises, and labor surplus area firms. (2 CFR Part 200.321(b)(4)) [45 CFR Part 75.330(b)(4)]
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms. (2 CFR Part 200.321(b)(6)) [45 CFR Part 75.330(b)(6)]
4. Encourage contracting with consortiums of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. (2 CFR Part 200.321(b)(3)) [45 CFR Part 75.330(b)(3)]
5. Use services and assistance, as appropriate, of such Entities as the Small Business Administration and the Department of Commerce's Minority Business Development Agency. (2 CFR Part 200.321(b)(5)) [45 CFR Part 75.330(b)(5)]

Grantees should define what qualifies as a minority, women-owned or small business. Usually minority and women-owned business are defined as ownership share of at least 51%. The definition of a small business will vary by community. For example, the Small Business Administration's definition ranges from 100 to 1,500 employees, and \$2,500,000 to \$21,000,000 in revenue, depending on the industry. You should determine the definition that best reflects small businesses in your area.

A Labor Surplus Area (LSA) is designated by the US Department of Labor (DOL). A LSA is a civil jurisdiction that has a civilian average annual unemployment rate during the previous two calendar years of 20 percent or more above the average annual civilian unemployment rate for all states (including Puerto Rico) during the same 24-month reference period. A list of labor surplus areas can be found at <https://www.doleta.gov/programs/lisa.cfm>.

Grantees may choose to include veteran-owned businesses in this category.

Pre-Qualified Contractors

OCA encourages Grantees to develop lists of approved contractors that can be used throughout the year. The process Grantees may use to identify an approved contractor, if appropriate:

1. Develop a list of similar, commonly-purchased items that can be acquired from a single contractor. Examples are office supplies, weatherization supplies.
2. Obtain cost estimates, include shipping costs, if necessary.
3. Obtain 2 or 3 quotes, depending on the level of expected spending for the year
4. Compare the quotes.
5. The contractors with lowest prices, including shipping, will be approved for use during the year.
6. This process could result in multiple approved contractors if the prices are within a reasonable range of each other (for example, within five percent of each other).

The list of pre-qualified contractors must be current. Pre-qualified contractors may be added throughout the year, but all contractors for pre-qualification will be reevaluated regularly to ensure the list is current. Uniform Guidance (2 CFR Part 200.319(d)) [45 CFR Part 75.328(d)] states, “The [Grantee] must ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the [Grantee] must not preclude potential bidders from qualifying during the solicitation period.” OCA recommends identifying at least two-(2) pre-qualified contractors to be used during the year in order to avoid making non-competitive (sole source) purchases.

Uniform Guidance refers to “qualified suppliers” in the micro-purchase regulation (2 CFR Part 200.320(a)) [45 CFR Part 75.329(a)], and to “pre-qualified lists of persons, firms or products.” (2 CFR Part 200.319(d)) [45 CFR Part 75.328(d)]; these terms do not mean the same thing. Qualified suppliers mean the Grantee has determined that these suppliers can meet their needs for micro-purchases. Pre-qualified contractors are identified through a competitive process and used for purchases in excess of the micro-purchase limit.

Job Order Contracting (JOC)

Job order contracting (JOC) is not a method of procurement in the grant regulations, however JOC may be used as a means to contract under the approved methods of procurement. This type of contract is a competitively bid, firm, fixed-price, contract against which work orders are issued as specific needs arise. JOC contracts may be procured through the IFB or RFP process.

JOC uses pre-qualified contractors to perform a variety of renovations, repairs, and minor construction projects and is an appropriate choice when delivery times and the type and quantity of work are well defined. When using JOC for weatherization services, Grantees should complete the following steps:

1. Develop a list of pre-qualified contractors through a competitive solicitation process that evaluates contractors based on non-price factors such as contractor expertise and knowledge of industry, contractor’s proven experience, capacity of the contractor to take on weatherization work, whether contractor is minority, small, women-owned business or located in labor surplus area, and financial health of the contractor.

2. Conduct a market analysis as described on page 23 (also sample market analysis spreadsheet and other information available on SharePoint site)
3. After a pre-qualified contractors list has been established, the Grantee should determine the number of contractors required to meet planned production for the program (number of homes to be weatherized per year).
4. Issue an IFB or RFP when need to conduct a procurement that will be based on price of labor and materials of weatherization tasks. Prices will be proposed as a percentage of the market prices established through the Agencies market analysis, which is typically limited to between .95 and 1.05 of the market prices.
5. Based on prices submitted by pre-qualified contractors, Grantees will select the contractors needed. For example, if 20 contractors prequalified, and only 5 are needed to meet planned production, the top 5 contractors with respect to price will be selected.
6. Grantees enter into agreement with contractors that will be performance based (this should also be clearly stated upfront in RFP). There is no guarantee of how many weatherization jobs will be assigned to contractors. Only contractors that perform quality work in a timely manner will be rewarded with additional work. Agencies should document contractor performance in case of dispute.

If additional contractors are needed after procurement (as a result of poor performance by existing contractors, contractors leaving the program, increased production), Grantees should go to the contractors with the next lowest price from the most recent procurement.

Competitive Negotiated Proposal

Another approach similar to job order contracting for Grantees to consider is competitive negotiated proposals. This approach is similar to JOC in that Grantees would competitively pre-qualify contractors based on non-price factors and would then conduct a market analysis of weatherization measures (steps 1 & 2 from JOC section). However, instead of issuing an IFB/RFP for submission of material and labor prices, the Agency would provide the market analysis (including a reasonable markup for overhead cost and profit) to pre-qualified contractors and negotiate prices for weatherization measures. If the contractors believe the price should be different from the market analysis, the burden of proof would be on the contractors to disprove the market analysis. Once the Agency and contractors agree on weatherization materials and labor, the Agency must enter into an agreement with each pre-qualified contractor willing to accept the negotiated material and labor prices and other contract terms. However, the agreements provide no specific funding amount or number of homes for the contractor to weatherize; how many homes a contractor is assigned will be based on performance. Furthermore, the agreement should include provisions for periodically updating prices on an as needed basis, requiring the agreement of both the Grantee and the contractors.

Pre-qualification of contractors may be on-going and must be kept up-to-date (see “Pre-qualified Contractors” section on page 33). If a contractor is added to the prequalification list after the initial procurement (after negotiations), the contractor would have to agree to the terms previously negotiated.

Professional Services

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the Grantee are allowable when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the funder. (Legal and related services are limited in allowability.) (2 CFR Part 200.459) [45 CFR Part 75.459].

The following factors should be considered by the Grantee in selecting a professional services firm:

1. The firm's reputation in the nonprofit community.
2. The firm's understanding of and experience with grant-funded entities and grant reporting requirements under 2 CFR Part 200 [45 CFR Part 75].
3. The firm's demonstrated ability to provide the services requested in a timely manner.
4. The firm's methodology for accomplishing the goals of the proposed project.
5. The firm's ability to meet timelines.
6. The ability of firm personnel to communicate with Grantee personnel in a professional and congenial manner.
7. Period of services required.
8. Cost.
9. Other information considered appropriate.

When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the Grantee must request a copy of the audit organization's peer review report which the auditor is required to provide under Generally Accepted Governmental Auditing Standards (GAGAS). (2 CFR Part 200.509) [45 CFR Part 75.509]

Factors to be considered in evaluating each proposal for audit services include:

1. The responsiveness to the request for proposal;
2. Relevant experience;
3. Availability of staff with professional qualifications and technical abilities;
4. The results of peer and external quality control reviews; and
5. Price (2 CFR Part 200.509) [45 CFR Part 75.509].

Whenever possible, the Grantee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in 2 CFR Part 200.321 [45 CFR 75.330] or the FAR (48 CFR Part 42), as applicable. Also see CONSIDERATION OF MINORITY, SMALL BUSINESS, WOMEN-OWNED BUSINESSES, AND LABOR SURPLUS AREA FIRMS section of the manual.

Additional proposal considerations for prospective auditors could be:

1. Firm background
2. Biographical information (resumes) of key firm members who will serve Grantee
3. Client references

4. Firm's approach to performing an audit
5. Other resources available from the firm
6. Expected timing and completion of the audit
7. Expected timing of delivery of reports
8. Cost estimate including estimated number of hours per staff member
9. Rate per hour for each auditor
10. Identification of need to perform audit in accordance with 2 CFR Part 200, Subpart F [45 CFR Part 75, Subpart F], and the appropriate OMB Compliance Supplements
11. Other information as appropriate

Contract Review

It is best practice to create a contract template for use with contracts in excess of a set dollar threshold, or in excess of a specific contract length, or when required by regulation. The contract template should be reviewed by the Grantee's legal counsel that is familiar with grant regulations to help ensure compliance. Further, Grantees may wish to incorporate best practice of having legal counsel review all contracts where the subject matter is intellectual property, insurance and indemnification, real estate, or other contracts deemed significant by the Grantee.

See PROVISIONS INCLUDED IN ALL CONTRACTS section of this manual.

Provisions Included In All Contracts

(2 CFR Part 200 Appendix II [45 CFR Part 75 Appendix II] and other regulation, as indicated)

In addition to other provisions required by OCA, all contracts made by the Grantee under a grant award must contain the provisions covering the following, as applicable. OCA recommends Grantees have legal counsel review contract and/or purchase order templates to help ensure appropriate provisions are included. OCA further recommends Grantees consider these provisions, as appropriate, for contracts and/or purchase orders of lower thresholds that align more appropriately with the Grantee's internal risk assessment.

1. **Contracts** for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 [this dollar amount is specified in Appendix II to 2 CFR Part 200 and 45 CFR Part 75] must address termination for cause and for convenience by the Grantee including how it will be affected and the basis for settlement.

"Termination for convenience" is the exercise of a Grantee's right to completely or partially terminate the contractor's performance of work under a contract when it is in the Grantee's interest. On the other hand, "termination for cause" (or "default") is the exercise of a party's right to completely or partially terminate a contract because of the other party's actual or anticipated failure to perform its contractual obligations.

3. **Equal Employment Opportunity:** All contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided

under 41 CFR 60-1.4(b), in accordance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

4. **Davis-Bacon Act, as amended (40 U.S.C. 3141-3148):** When required by federal program legislation, all prime construction contracts in excess of \$2,000 awarded by the Grantee and its subrecipients must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction").

Projects for the Illinois Home Weatherization Assistance Program are not subject to the Davis-Bacon Act.

5. The contracts must also include a provision for compliance with the **Copeland "Anti-Kickback" Act (40 U.S.C. 3145)**, as supplemented by Department of Labor regulations (29 CFR part 3). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.
6. **Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708).** Where applicable, all contracts awarded by the Grantee in excess of \$100,000 that involves the employment of mechanics or laborers must include provisions concerning overtime pay and working conditions in compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).
7. **Rights to Inventions Made Under a Contract or Agreement:** If a federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the Grantee wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, the Grantee must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award agency.
8. **Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended:** Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the contractor to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251-13287). Violations must be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
9. **Debarment and Suspension (E.O.s 12549 and 12689):** A contract award must not be made to the parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by

agencies, as well as parties declared ineligible under statutory or regulatory authority other than E.O. 12549.

Grantees can find a list of excluded parties at www.sam.gov. Some grants require evidence that a search for debarment or suspension status was completed for every purchase. OCA recommends the Grantee establish a procedure for this search and process to incorporate supporting documentation into the procurement records.

10. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** Contractors that apply or bid for an award exceeding \$100,000 must file the required certification that it will not and has not used federal appropriated funds to pay any person or entity for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.

Although the following is not included in the contract provision section of Appendix II to 2 CFR Part 200 [45 CFR Part 75], OCA recommends including the following:

Bonding requirements: For contracts or subcontracts for construction or facility improvement exceeding the simplified acquisition threshold, OCA may accept the bonding policy and requirements of the Grantee, provided the interests of the federal and state funding agency is protected. Minimum bonding requirements shall include the following: (2 CFR Part 200.325) [45 CFR Part 75.334]

- A. A bid guarantee in the form of a bid bond, certified check, or other negotiable instrument from each bidder equivalent to five percent of the bid price assuring that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- B. A performance bond on the part of the contractor for 100 percent of the contract price, to be executed in connection with a contract to secure fulfillment of all the contractor's obligations under the contract.
- C. A payment bond for 100 percent of the contract price, executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in execution of the work provided for in the contract.

Also see RIGHT TO AUDIT CLAUSE section of this manual.

Right to Audit Clause

It is best practice for the Grantee to include a "Right to Audit" clause in all contracts between the Grantee and contractors that either:

- 1. Take any form of temporary possession of assets directed for the Grantee,
- 2. Process data that will be used in any financial function of the Grantee, or
- 3. The contract falls under a statute or regulation in which the Grantee must monitor performance and compliance of the contractor (i.e. Davis-Bacon Act).

This Right to Audit clause shall permit access to, and review of, all documentation and processes relating to the contractor's operations that apply to the Grantee, as well as all documents maintained or processed on behalf of the Grantee, for a period of three years. The clause shall state that such audit procedures may be performed by the Grantee employees or any outside auditor or contractor designated by the Grantee.

Grantees may also consider adding this clause to contracts in excess of a set dollar threshold (such as the simplified acquisition threshold). Grantees must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders (2 CFR 200.318(b)) [45 CFR 75.327(b)].

Verification of New Contractor

It is best practice for the Grantee to designate an individual within its agency to perform additional procedures to validate the legitimacy of new contractors that will be paid one-time or cumulative payments in excess of a set dollar amount, as determined by the Grantee. For such contractors, the Grantee should perform a limited public records search and shall contact the contractor to validate its existence.

These procedures are especially important in larger and multi-location environments as a method of detecting fictitious contractor schemes attempted by employees. However, while such schemes are often identified with larger entities, they have also occurred in small entities, so taking steps to detect fictitious contractor schemes is an important element of internal control.

Contract Administration

Grantees must maintain oversight to ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts, purchase requisition, purchase order, etc. Grantee may adopt the following policies and procedures on contract administration. (2 CFR Part 200.318(b)) [45 CFR Part 75.327(b)].

1. Contract administration files shall be maintained:
 - a. For each contract greater than \$10,000, (OCA recommended threshold) a separate file shall be maintained.
 - b. For contracts less than \$10,000 (OCA recommended threshold), contract records may be combined in a single file by grant or other funding source.
2. Contract administration files shall contain:
 - a. The required documentation specified in the IFB or RFP for the original scope of work and for all amendments.
 - b. Where the contract work is identified in the issued contract, the identification and scope of the work contained in the contract, and all approved changes.
3. Authorization of work:
 - a. No work shall be authorized until the contract for the work has been approved and fully executed.

- b. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed.
 - c. No amendment of a contract for work shall be executed until it has been approved and authorized in accordance with the Grantee's procurement policies and procedures and, where required by the terms of the grant award or budget, approval by OCA, as appropriate.
4. Conformance of work:
- a. For each grant award, based on applicable laws, regulations and grant provisions, the Grantee shall establish and maintain a system to reasonably assure that the contractor:
 - i. Is in conformance with the terms, conditions, and specifications of the contract, and
 - ii. Provides timely follow-up of all purchases to assure such conformance and adequate documentation.
5. The Grantee would authorize payment of invoices to contracts only after final approval of work products.

PROCUREMENT GRIEVANCE PROCEDURES

Overview

Any bidder/ proposer may file a grievance with Grantee following a competitive bidding process. Once a bid or proposal selection is made, bidders or proposers should be notified in writing of the results, in accordance with the Grantee's policies and procedures. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the Grantee's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance.

Grievances should be limited to violations of federal or state laws or regulations, or failure of the Grantee to follow its own procurement policies.

Appeal/ Protest Procedures

Grantee will establish appeal/ protest procedures for IFBs and RFPs. If an executed contract contains a dispute resolution clause, that clause shall apply. Grantee will establish a point of contact for the appeal/ protest process, including the names, job titles, and method of contact and include this information in the IFB or RFP. Grantees must state the number of calendar (or business) days unsuccessful bidders and proposers will have following a selected bid or proposal to appeal/ protest the bid or proposal decision. The appeal/ protest must be made in writing.

Grantees may continue the scope and terms of the contract with the selected bidder or proposers, pending the outcome of the dispute. The continuation of such must be no more than the amount of goods/services necessary to maintain program operations.

See APPENDIX for sample appeal/ protest procedures.

INVENTORY

Description of Inventory

Grantees may have materials or supplies for which it maintains an inventory, such as consumable materials for home weatherization and rehabilitation, equipment purchased with grant funding, or other items.

Physical Counts

A physical count of inventory should be performed on a regular basis by someone who does not have responsibility for ordering or approving purchases of such items. When it is not possible to separate duties, a review of the inventory count should be performed by an individual who is not involved in purchasing or the count.

At the conclusion of the physical count, a reconciliation to the general ledger balance should be performed to reflect the total inventory on hand as determined by the physical count.

Inventory Closeout

Title to supplies will vest with the Grantee upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000, in total aggregate value upon termination or completion of a project or program and the supplies are not needed for any other federal or state award, the Grantee must retain the supplies for use on other activities or sell them. In either case, the Grantee must compensate the grantor for its share. (2 CFR 200.314(a)) [45 CFR 75.321(a)]

OCA recommends Grantees maintain an inventory list of its grant-funded supplies to comply with reporting requirements and proper disposition of unused inventory at the completion of a project or program. Grantees are required to submit a program year-end close-out report that includes information on inventory and this report documents those items on hand which will be carried over to the next program year.

Also see EQUIPMENT/VEHICLE INVENTORY section of this manual.

EQUIPMENT

Acquisition of Equipment

The acquisition of equipment classified as a capital asset, or as a capital expenditure for the improvement to equipment which materially increases the value or useful life, that will be direct charged to a grant requires prior written approval by OCA (2 CFR 200.439(b)) [45 CFR 75.439(b)]. See the DEFINITIONS section of this manual.

The acquisition cost of equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired (2 CFR Part 200.2) [45 CFR 75.2].

Use of Equipment

(2 CFR Part 200.313(c)) [45 CFR Part 75.320(c)]

Equipment must be used by the Grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the grant award. The Grantee must not encumber the property without prior approval from OCA. When the equipment is no longer needed for the original program or project, the equipment may be used in other activities supported by OCA, in the following order of priority:

1. Activities under a federal or state award from the same federal or state awarding agency which funded the original program or project, then
2. Activities under federal or state awards from other federal or state awarding agencies. This includes consolidated equipment for information technology systems.

During the time that equipment is used on the project or program for which it was acquired, the Grantee must also make the equipment available for use on other projects or programs currently or previously supported by OCA, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the awarding agency that financed the equipment and second preference must be given to programs or projects under awards from other awarding agencies.

Use for non-grant funded programs or projects is also permissible. User fees should be considered if appropriate. Grant funded equipment or space that is used by others outside the Grantee (outside entity) are to be charged a reasonable use fee that is consistent with fair market value, unless waiver of a use fee is specifically authorized by a federal or state statute. (2 CFR 200.434(a)) [45 CFR 75.434(a)]

The Grantee must not use equipment acquired with grant awards to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by federal or state statute for as long as the funding agency retains an interest in the equipment. Equipment may be used as previously stated (in accordance with 2 CFR Part 200.313(c) [45 CFR Part 75.320(c)]). For example, if a weatherization vehicle is available, the grant program by which the vehicle was purchased shall have priority of use while grant funding is available. If all grant funding is expended, other federal programs may use the vehicle (operating costs and maintenance should be covered by the other federal program). If no other federal programs are in need, a non-federal program may use the vehicle. Use of vehicle by other entities must be a fair market value rental rate.

When acquiring replacement equipment, the Grantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property; however, if the equipment was funded by the U.S. Department of Health and Human Services (HHS) (under 45 CFR Part 75), the grantee must have approval from HHS or the funding agency.

Disposition of Equipment

Grantees are to report any equipment purchased with IHWAP funds at a cost of \$1,000 or greater. When the Grantee wants to dispose of such equipment, an Authorization for Disposition of Property form must be completed and signed by both Grantees and an Office of Community Assistance representative (PY-2019 IHWAP Program Operations Manual).

According to the federal regulations, items of equipment with a current fair market value of \$5,000 or less, may be retained, sold, or otherwise disposed of with no further obligation to the funding agency (2 CFR Part 200.313(e)(1)) [45 CFR Part 75.320(e)(1)]. However, OCA policy is that any funds collected for equipment sold with a value of \$500 or more, must be returned to the program (at the local agency) from which it was purchased. Given the re-occurring nature of OCA grants, equipment in excess of \$500 shall be reported as program income and be used for the purchase of additional equipment or to weatherize homes.

Records for equipment acquired with grant funds must be retained for three-(3) years after final disposition (2 CFR Part 200.333(c)) [45 CFR Part 75.361(c)]. Also see RECORD RETENTION section of this manual.

Equipment/Vehicle Inventory

Grantees will maintain an inventory of all equipment (including vehicles) purchased with grant funds and reconcile the inventory to the general ledger and equipment and vehicle records. The inventory will include at a minimum:

- Description of the property;
- Serial number or other identification number (vehicle identification number, model number, etc.);
- Source of funding for the property (including the federal award identification number (FAIN)) and other grant numbers;
- Who holds the title;
- Acquisition date;
- Cost of the property;
- Percentage of federal or state participation in the project cost for the grant under which the property was acquired;
- Location, use and condition of the property; and
- Disposition data, including date of disposal and sale price of the property (2 CFR 200.313(d)(1)) [45 CFR 75.320(d)(1)].

A physical inventory of the equipment and property must be taken, and the results reconciled with the property records at least once every two years (2 CFR 200.313(d)(2)) [45 CFR 75.320(d)(2)].

Charges for depreciation must be supported by adequate records showing the amount of depreciation taken each period (2 CFR 200.436(e)) [45 CFR 75.436(e)].

Also see the Property & Equipment Inventory sheet in the OCA Operations Manual.

SUBRECIPIENTS

Making of Subawards

From time to time, Grantee may find it practical to make subawards of grant funds to other entities. All subawards shall be subject to the conflict of interest policies described elsewhere in this manual. In addition, all subrecipients must be approved in writing by the federal or state awarding agency and Grantees must agree to the subrecipient monitoring provisions described in the next section.

The Grantee is required to evaluate each subrecipient's risk of noncompliance with federal and state statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such factors as: (2 CFR Part 200.331(b)) [45 CFR 75.333(b)]

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel, or new or substantially changed systems; and
- The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).

In addition, the Grantee may consider obtaining the following documents from all new subrecipients for evaluation:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from subrecipient's independent auditor (including all reports associated with audits performed in accordance with 2 CFR Part 200 Subpart F [45 CFR Part 75 Subpart F], if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

For-profit Subrecipients (Commercial Entities)

The audit requirements in 2 CFR 200 Subpart F [45 CFR 75 Subpart F] does not apply to for-profit subrecipients. OCA is responsible for establishing requirements, as necessary, to ensure compliance by the for-profit subrecipient. The agreement with the for-profit subrecipient will include applicable compliance requirements stating the for-profit subrecipient's compliance responsibility.

Department of Energy grants to subrecipients will follow cost principles in 48 CFR 31.2, Contracts with Commercial Organizations in lieu of the cost principles contained in 2 CFR 200.400 through 200.475 [45 CFR 75.400 through 75.477].

OTHER TAX CONSIDERATIONS

State and Local Property, Sales, Use & Income Taxes

The Grantee will monitor state and local tax laws in locations where the entity conducts business to ensure that it is complying with all applicable tax laws. Grantees that qualify as tax-exempt charitable entities under Section 501(c)(3) of the Internal Revenue Code for income tax purposes may need to apply separately for exemptions from state and local property and/or sales tax in the various locations where they conduct business.

State Charity Registrations

Various states may require the Grantee to register with them for two primary reasons: if the Grantee has an office, programs or owns real estate in that state, and/or if they raise funds in the state.

The Grantee could be required to register and file annual reports with other states if it conducts charitable solicitations within those states. The state regulates fundraising through charitable solicitation laws. State reporting can involve two components – registration and an annual financial report. The registration may be a single initial filing or an annual filing which provides information about an entity's finances and budgets. The annual financial report generally covers operating results with an emphasis on fundraising.

Grantee's internet fundraising efforts could be considered charitable solicitations in various other states. The Grantee will examine the reach of its internet fundraising efforts and register to solicit funds in all applicable states. Some factors the Grantee will consider in determining whether internet fundraising efforts require registration in specific states are whether the campaigns specifically target individuals in a certain state and whether the Grantee repeatedly receives contributions from a state on an ongoing or substantial basis.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of the Grantee.

Grantees must maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery, and other items of value.

Details of insurance coverages may be maintained in the Grantee's policies and procedures or other documents. It is important to have a complete, up-to-date listing of policies and coverages. Grantees must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property owned by the Grantee (2 CFR Part 200.310) [45 CFR Part 75.317]. Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the federal award (2 CFR Part 200.447(c)) [45 CFR Part 75.447(c)].

Coverage Guidelines

Grantees should maintain a detailed listing of all insurance policies in effect. This listing should include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

Insurance Requirements

The Grantee may require contractors to maintain, during the entire period of performance under a contract, the following minimum insurance.

Type	Minimum Liability Amounts
Comprehensive General Liability	\$500,000 per person
	\$1,000,000 per accident
	\$500,000 property damage
Workers' Compensation	Illinois Statutory Requirements
Comprehensive Automobile Liability	\$250,000 per person*
	\$500,000 per accident*
	\$250,000 property damage*

**Must conform to current Illinois Secretary of State requirements.*

The contractor should furnish the Grantee with a certificate or written statement of the above required insurance prior to the award of the contract agreement. The certificate of insurance should contain a statement to the effect that the Grantee will receive written notification at least seven business days in advance of cancellation or of any material change in the policy. A copy of the above insurance must be made available to Grantee within seven business days after notification of contract award offer.

PROCUREMENT RECORDS

(2 CFR Part 318(i)) [45 CFR Part 75.327(i)]

General Requirements

Grantees should, whenever practicable, collect, transmit, and store grant award-related information in open and machine-readable formats rather than in closed formats or paper. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted by duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable. (2 CFR Part 200.335) [45 CFR Part 75.363]

Grantees will maintain records sufficient to detail the history of procurement including, but not limited to, the following:

- Rationale for the method of procurement;
- Selection of contract type;
- Contractor selection or rejection; and
- Basis for contract price (2 CFR 200.318(i)) [45 CFR Part 75.327(i)].

Recordkeeping requirements for consumable supplies, equipment, and vehicles include:

- Grantees will properly tag all equipment
- Grantees will immediately notify OCA whenever property procured with grant funds is no longer usable or needed
- OCA reserves the right to reassign equipment and/or vehicles due to the decrease in funding and/or the reduction of operations

In addition to the requirements already listed, Grantees will maintain detailed records to protect the Grantee from any disputes arising from their procurement process.

Master Procurement Files

Grantees will maintain files for contracts awarded for all procurement transactions. Files will be separated by procurement transaction, however multiple procurement transactions that are supportive of each other can be filed in the same master file (i.e. Weatherization Labor and Weatherization Material procured to be applied to a dwelling receiving Weatherization services). At a minimum, the master procurement files for sealed bids or competitive proposals should include the following items, as applicable for the type of procurement used.

- Written Code of Standards of Conduct, signed by applicable staff
- Detailed Separation of Duties and identified Grantee staff responsibilities
- Written justification for type of procurement utilized
- Written specifications for work scope
- Method of and media used for advertisement of solicitation of bids
- Master Bid Package
- Bidders list
- Informational Meeting Sign in sheet
- Informational meeting notes
- Responses received (time and date stamped as received on the envelope)
- Detailed minutes of the bid or proposal opening
- Bid or proposal evaluation procedures
- Bid or proposal tracking/evaluation spreadsheet
- Notice of Award of Contract
- Un-successful bidder or proposer notification(s)
- Any other pertinent or general correspondence pertaining to the procurement transaction
- Energy, strength, and performance test results for all replacement windows and doors (as rated by the National Fenestration Rating Council (NFRC))
- Recycled Cellulose Certification
- Material Safety Data Sheets for all materials
- Documentation of the cost or price analysis performed for each procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR Part 200.323(a)) [45 CFR Part 75.332(a)]

After a contract is awarded, the contractor procurement file should include the following items, as applicable or required:

- A copy of the selected bidder/ proposer package, including the price structure for services
- A signed and executed contract
- Fulfillment of bonding
- Signed acknowledgement of receipt of IHWAP Field Standards Manual
- Names of any sub-contractors to be used
- Signed Waiver of Lien
- Signed Certification Regarding Weatherization Materials
- Signed Certification Regarding Debarment and Suspension

- Proof of EPA – RRP Firm Status
- Proof of EPA – RRP Certification
- Proof of Completion of IHWAP Contractor 's Certification (ARCH/HVAC)
- Proof of Certification for Dense Pack Insulation Training
- Completion date of Lead Safe Weatherization Training
- Completion date of OSHA 10-hour and 30-hour training
- Documentation of applicable required licenses
- Performance evaluations
- Other pertinent information, as determined by the Grantee or OCA

Standardized Contractor Master Files for IHWAP

REQUIRED DOCUMENTATION

OCA recommends the Grantee create a standardized contractor file for the Illinois Home Weatherization Assistance Program (IHWAP).

Contractor master files shall have the following information:

1. Completed and signed Form W-9. New or re-activated contractors should complete a new Form W-9 to verify the business' current legal name, physical address, and tax identification number.
2. Contractors with a post office (PO) box shall provide a physical location address for the master file. The PO Box number may be used for postal purposes. The contractor name and physical address will be verified by performing an online search, mailing of contractor forms that are required to be returned, and other means deemed appropriate by the Grantee.

The following best practice procedures, in addition to others deemed appropriate by the Grantee, should be performed by the Grantee prior to creating or re-activating all contractor files to help ensure that each contractor only has one master file:

1. Search for existence of the tax ID number in the Grantee's master file
2. Search for name variations and name standardization (entity resolution) (e.g. Doe, John; J Doe; John Doe)
3. Search for matching or similar addresses
4. Perform an online search of the contractor and the physical address to determine validity
5. Search for matches against the employee master file
6. Review sam.gov to determine if contractor is suspended or debarred

Master File Maintenance

As a best practice, Grantees should regularly monitor the contractor master file, with a full review of the master listing completed every year prior to its fiscal year-end.

A review of the master file may include the following:

1. Duplicate contractors. Contractors with the same or similar tax ID number, name, address, email, contact, and other information. Duplicate contractors would be merged, inactivated, or handled in a method allowed by the Grantee's system.
2. Contractors with a post office (PO) box address. Contractors with only a PO Box would be required to provide a physical location address for the master file.
3. Contractors without activity in the past year (or a period determined by the Grantee) would be inactivated. Inactivated contractors would go through the contractor creation process before being re-activated.

Non-Competitive (Sole Source)

Documentation for non-competitive (sole source) procurements shall include all documentation required under the method of procurement used by the Grantee (e.g. small purchases, sealed bid, competitive proposal) in addition to the following:

- Documentation supporting that the procured item or service is available only from a single source.
- Documentation supporting public necessity or emergency. Public necessity or emergency may be determined where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff/ client/ consumer and protection of staff/ client's/ consumer's property is involved. The reasons for such purchases will be documented in the procurement file.
- Express authorization from OCA in response to a written request from the Grantee, when required. (See the NON-COMPETITIVE PROPOSAL method of procurement section of this manual.)
- Documentation supporting the Grantee's determination that after solicitation, competition was deemed inadequate (insufficient bidders or proposers). Any sealed bid or competitive proposal procurement automatically goes to the non-competitive proposal (sole source) method of procurement, with all its attached additional requirements, when only one bid or proposal is received. OCA may review the Grantee's method of advertising if only one response is received after solicitation.

Also see ADVERTISEMENT PLAN for additional information on ways to possibly expand competition.

Protected Information

Grantees are required to take reasonable measures to safeguard protected personally identifiable information (PII) (2 CFR Part 200.303(e)) [45 CFR Part 75.303(e)]. In the event a breach has occurred with respect to personal information, notification shall be given in accordance with the state law and the grant terms and conditions of any award affected by the breach in effect at the time of the breach.

Availability of Procurement Records

(2 CFR Part 200.324(b)) [45 CFR Part 75.333(b)]

Grantees shall, upon request, make available to OCA for pre-award review procurement documents, such as requests for proposals, invitation for bids, or independent cost estimates, when any of the following conditions apply:

- The Grantee's procurement procedures do not comply with the procurement standards in 2 CFR Part 200 [45 CFR Part 75];
- The procurement is expected to exceed the federally-defined simplified acquisition threshold and is to be awarded without competition or only one bid is received in response to a solicitation;
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product;
- The proposed award exceeds the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement; or
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold (2 CFR Part 200.324(b)) [45 CFR Part 75.333(b)].

This section refers to grant regulations that list situations in which OCA may request procurement documentation; however, a funding agency may make such a request at any time. Therefore, these situations should be considered red flags for potential questioned purchases.

Access to Records

(2 CFR Part 200.336) [45 CFR Part 75.364]

OCA must have the right of access to any documents, papers, or other records of the Grantee which are pertinent to a grant award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Grantee's personnel for the purpose of interview and discussion related to such documents.

Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring cannot be considered extraordinary and rare circumstances that would necessitate access to this information. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the Grantee and grant awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by OCA.

The rights of access are not limited to the required retention period, but last as long as the records are retained. OCA will not impose any other access requirements upon the Grantees.

RECORD RETENTION

General

Financial records, supporting documents, statistical records, and all other Grantee records pertinent to a federal award must be retained for a period of three years from the date of submission of the final expenditure report (2 CFR Part 200.333) [45 CFR Part 75.361], or as indicated in the OCA Operations Manual, whichever is longer. Records for equipment acquired with grant funds must be retained for three-(3) years after final disposition (2 CFR Part 200.333(c)) [45 CFR Part 75.361(c)].

According to the U.S. Department of Labor, Wage and Hour Division, employers should preserve for at least three years payroll records, collective bargaining agreements, sales and purchase records. Records on which wage computations are based should be retained for two years, i.e., time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages. (29 CFR Part 516)

Grantees must retain records as required by law and as required by funders. Best practice is to determine which law or funder has the longest retention period and comply with that to help ensure records are retained as appropriate. It is not recommended to retain records beyond this timeframe as monitors have the right to request all records still in your possession, regardless of how old they are (see ACCESS TO RECORDS section of this manual). Grantees should have policies and procedures in place regarding the retention and destruction of records.

Record protection is one of the requirements of the 2002 Sarbanes-Oxley Act, and it is also the subject of a disclosure on the IRS Form 990. Consistent application of the Grantees record retention policy is important; therefore, we recommend Grantees schedule record storage and destruction dates at consistent and appropriate intervals throughout the year.

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Grantee's Code of Conduct, the following exceptions are made to the Grantee's record retention and/or destruction of records policy:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction, when notified in writing by OCA to extend the retention period (2 CFR 200.333(b)) [45 CFR Part 75.361(b)]
2. The term "records" shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

Storage and Destruction of Sensitive Data

In addition to accounting and financial data stored by the Grantee, other sensitive data, including protected personally identifiable information (PII) such as social security numbers of employees, clients, consumers, or others (see DEFINITIONS section of this manual), may be stored by the Grantee.

Grantees must take reasonable measures to safeguard PII and other information OCA designates as sensitive or the Grantee considers sensitive (2 CFR Part 200.303(e)) [45 CFR Part 75.303(e)].

Sensitive data must be securely stored and destroyed when no longer needed. It is recommended that credit card data, which is PII, be destroyed as soon as the transaction is final. If the Grantee needs to retain the paperwork for the transaction, the Grantee should confirm that its retention method is compliant with the most recent Payment Card Industry Data Security Standards (PCI DSS) for handling credit card data. Any cardholder data that is stored, processed, or transmitted must be protected in accordance with PCI DSS.

Best practice is for the Grantee to minimize the storage of sensitive data by shredding or destroying duplicative documents with sensitive data that is stored outside the appropriate Grantee department. Record destruction should comply with the Grantee's policies and procedures.

APPENDIX

Regulations

[2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

[2 CFR Part 910 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Department of Energy](#)

[10 CFR Part 440 Weatherization Assistance for Low-Income Persons, Appendix A – Standards for Weatherization Materials](#)

[45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards](#)

[30 ILCS 708/ - Grant Accountability and Transparency Act](#)

[815 ILCS 530/ - Personal Information Protection Act](#)

[820 ILCS 130/ - Prevailing Wage Act](#)

[40 U.S.C. 3141-3148 – Davis Bacon Act, as amended](#)

Sample Documents

The following sample documents are to be used as guides for the Grantees to develop its own documents. Grantees are not required to use these forms. Grantees are responsible for compliance with the grant regulations and for incorporating policies and procedures that are applicable to the Grantee to help ensure full and open competition, transparency regarding conflict of interest and compliance with its code of conduct, reasonable and necessary cost effectiveness and use of grant funds, complete and transparent documentation of its procurement methods, and accountability of the use of grant funding.

SharePoint Sample Documents

The following is a list of some sample documents Grantees may find on OCA's SharePoint site at <https://ceo.partner.illinois.gov/OEA/WX%20FAQ%20Library/Forms/AllItems.aspx> (must have access to OCA Extranet):

- 10 CFR Part 440 – Weatherization Assistance for Low-Income Persons, Appendix A – Standards for Weatherization Materials (see REGULATIONS section of appendix for link to online regulation)
- Advertising SAMPLE RFP (also included in SAMPLES – REQUEST FOR PROPOSAL section of appendix)
- Authorization for Release of Information
- Authorization for Transfer of Property
- Bid Opening Tracking
- Certification of Good Faith Effort to Meet Recycled Cellulose
- Certification Regarding Debarment
- Certification Regarding Weatherization Materials
- Contractor Vendor Pre-Qualification
- Equipment Acquisition Form
- Equipment Disposition Form
- Instructions for Completing Bid Sheet
- Labor Market Analysis Documentation
- Labor Vendor or Labor and Material Vendor Agreement
- Material Market Analysis Documentation
- Sample Market Analysis Spreadsheet
- Notice of Award Letter
- Notice to Proceed
- Price Evaluation
- Procurement Appeal
- Procurement Appeal Informal Conference
- Proposed Subcontractors
- Review Checklist for Wx Material and Labor Bid Packet
- Safety Data Sheets
- Statement of Vendor Qualifications
- Unsuccessful Bidder Letter
- Written Procurement Procedures

SAMPLES - Invitation for Bid (IFB)

ADVERTISEMENT SAMPLE – Equipment/Supplies Bid Notice

From: [INSERT AGENCY REPRESENTATIVE]

Date: [INSERT DATE]

FOR IMMEDIATE RELEASE

INVITATION FOR BID EQUIPMENT/SUPPLIES BID NOTICE

[INSERT GRANTEE'S LEGAL NAME] ("Agency") is now accepting bids for equipment/supplies. All bids must be submitted using the Agency bid packet and must be marked "SEALED BID". Bid packets will be issued to any contractor who requests one in writing from the Agency. The request should be sent to the Agency at [INSERT MAILING ADDRESS OR E-MAIL ADDRESS]. All requests for bid packets must be received in the Agency's office no later than [INSERT TIME BID PACKET REQUEST IS DUE] on [INSERT DATE BID PACKET REQUEST IS DUE].

All bid packets must be completed and returned to the Agency office at [INSERT MAILING ADDRESS OR E-MAIL ADDRESS WHERE BIDS ARE ACCEPTED] no later than [INSERT BID DUE DATE] at [INSERT TIME BIDS ARE DUE]. A public bid opening will be held on [INSERT BID OPENING DATE] at the Agency at [INSERT ADDRESS LOCATION OF BID OPENING] at [INSERT BID OPENING TIME].

The Agency reserves the right to reject any or all bids, or to accept any bid or part of a bid which, in the Agency's judgment, will be in the best interest of the program and/or the Agency.

The Agency is an equal opportunity employer. Small and minority businesses, women's business enterprises, [veteran-owned businesses], and labor surplus area firms are encouraged to bid.

* * * * *

Advertising should follow the Agency's advertising plan. Any charges associated with the advertisement of this Notice should be sent to [INSERT AGENCY MAILING ADDRESS], C/O [INSERT PROGRAM NAME], Attention: [INSERT PROGRAM COORDINATOR NAME].

A copy of the ad must be attached to the bill/invoice if advertisement is made with an outside organization. A copy of the ad posting must be provided to [INSERT PROGRAM COORDINATOR NAME] when ad is posted on the Agency's public website, social media accounts, distributed via electronic mail, and/or posted in accordance with the Agency's advertising plan.

ADVERTISEMENT SAMPLE – Weatherization Materials Bid Notice

From: [INSERT AGENCY REPRESENTATIVE]

Date: [INSERT DATE]

FOR IMMEDIATE RELEASE

INVITATION FOR BID WEATHERIZATION BID NOTICE

[INSERT GRANTEE'S LEGAL NAME] ("Agency") is now accepting bids for weatherization materials to be used for the weatherization of approximately [INSERT NUMBER] homes during a one-year period, beginning [INSERT BEGINNING DATE] and concluding [INSERT END DATE].

All bids must be submitted using the Agency bid packet and must be marked "SEALED BID". Bid packets will be issued to any contractor who requests one in writing from the Agency. The request should be sent to the Agency at [INSERT MAILING ADDRESS OR E-MAIL ADDRESS]. All requests for bid packets must be received in the Agency's office no later than [INSERT TIME BID PACKET REQUEST IS DUE] on [INSERT DATE BID PACKET REQUEST IS DUE].

All bid packets must be completed and returned to the Agency office at [INSERT MAILING ADDRESS OR E-MAIL ADDRESS WHERE BIDS ARE ACCEPTED] no later than [INSERT BID DUE DATE] at [INSERT TIME BIDS ARE DUE]. A public bid opening will be held on [INSERT BID OPENING DATE] at the Agency at [INSERT ADDRESS LOCATION OF BID OPENING] at [INSERT BID OPENING TIME].

The Agency reserves the right to reject any or all bids, or to accept any bid or part of a bid which, in the Agency's judgment, will be in the best interest of the program and/or the Agency.

The Agency is an equal opportunity employer. Small and minority businesses, women's business enterprises, [veteran-owned businesses], and labor surplus area firms are encouraged to bid.

* * * * *

Advertising should follow the Agency's advertising plan. Any charges associated with the advertisement of this Notice should be sent to [INSERT AGENCY MAILING ADDRESS], C/O [INSERT PROGRAM NAME], Attention: [INSERT PROGRAM COORDINATOR NAME].

A copy of the ad must be attached to the bill/invoice if advertisement is made with an outside organization. A copy of the ad posting must be provided to [INSERT PROGRAM COORDINATOR NAME] when ad is posted on the Agency's public website, social media accounts, distributed via electronic mail, and/or posted in accordance with the Agency's advertising plan.

SAMPLE – Invitation for Bid (IFB)

INVITATION FOR BIDS (General Gas Furnace Repairs; Clean & Tune)	
Return Bids to:	[INSERT AGENCY NAME AND ADDRESS]
Date:	[INSERT DATE IFB IS BEING ISSUED]
Agency Contact:	[INSERT CONTACT NAME AND PHONE NUMBER]
Pre-Bid Conference:	[INSERT CONFERENCE DATE, TIME, LOCATION]
Bids Due:	Sealed bids must be received in the Agency office no later than: [INSERT DUE DATE AND TIME]
Bid Opening:	Bid opening will be held in the Agency office at: [INSERT BID OPENING DATE, TIME, LOCATION ADDRESS]
Contract Period:	[INSERT BEGIN DATE] through [INSERT END DATE]
For:	[INSERT SUMMARY DESCRIPTION OF REASON FOR IFB]

[AGENCY LETTERHEAD]

[INSERT DATE IFB IS BEING ISSUED]

Dear Bidder:

The [INSERT AGENCY LEGAL NAME] (“Agency”) is a [local government, nonprofit]. We provide weatherization services for low-income clients in a [DESCRIBE] service area in [INSERT GEOGRAPHIC REGION]. We are seeking sealed bids from contractors who have the capability to perform cleaning and general repair work on gas forced air furnaces, wall and floor units, and boilers for residential dwellings under a grant funded weatherization program. Contractors are required to follow [INSERT ANY REGULATORY STANDARDS] issued by [INSERT REGULATORY AGENCY]. These specifications are located at [INSERT WEB LINK].

We are requesting bids on [INSERT REQUEST] within a [INSERT TIME PERIOD]. This work is distributed throughout [INSERT GEOGRAPHIC REGION].

We have been given approval by the Illinois Department of Commerce & Economic Opportunity Office of Community Assistance to award bids to: primary, secondary and tertiary bidders, if available. Work that is unable to be completed by the primary bidder may be awarded to the secondary and tertiary bidders, respectfully.

The Agency will [perform diagnostic tests on the furnace] and prepare a work order indicating the work to be performed. Winning contractors shall clean, inspect, and tune the combustion area, flue, and air

handling systems for increased efficiency and provide general repairs as indicated by the Agency Auditor on the work order. All information contained in this package, including [STATE INCLUSIONS], is considered to be a part of the Invitation for Bid.

The Agency follows [INSERT STANDARDS]. Contractors are required to comply with these standards.

Contractor Requirements

The winning bidder must meet all the following contractor requirements:

- Signed/countersigned contract – agreeing to all terms of program requirements
- [INSERT NUMBER] references indicating prior experience in home weatherization or similar construction
- Comprehensive General Liability Insurance at a minimum of [INSERT DOLLAR AMOUNT] Combined Single Limit for Bodily Injury and Property Damage, per occurrence and aggregate
- Worker’s Compensation Insurance (as required by law)
- Vehicle Insurance on all vehicles used for weatherization purposes
- Current Business License and /or Occupational License(s) as required by local statutes
- Verification that the contractor is registered with and maintains a good standing with the Illinois Secretary of State
- Evidence that the contractor is not on the state or federal debarment lists
- Evidence of [INSERT REQUIRED CERTIFICATIONS]
- [LIST OTHER CONTRACTOR REQUIREMENTS DEEMED NECESSARY BY GRANTEE]

This program is funded through grants administered by the Illinois Department of Commerce & Economic Opportunity Office of Community Assistance.

Bid Opening

[INSERT INFORMATION ON BID OPENING]

The Agency reserves the right to reject any or all bids (i.e. unrealistically low or high bid prices, etc.).

The Illinois Department of Commerce & Economic Opportunity Office of Community Assistance reserves the right to invalidate any or all bids in accordance with funding regulations or statutes.

Thank you for your interest in bidding. If you have any questions, please call us at [INSERT CONTACT PHONE NUMBER] or e-mail [INSERT CONTACT EMAIL].

Sincerely,

SAMPLE – Invitation for Bid

EVALUATION RATING FOR BID AWARD

Contractor/Bidder	
Bid Opened by	
Date	

	YES	NO
1. Bidder has met deadline for written bid.		
2. Original bid was submitted in a sealed envelope with "SEALED BID" written on outside		
3. Bidder has completed all Bid Forms Line Items in ink or typewritten.		
4. Bid meets stated material specification standards.		
5. Bidder has agreed to 45 days payment terms.		
6. Bidder has guaranteed delivery of services/ materials within 30 days of receipt of work/purchase order.		
7. Bidder has submitted all information necessary for data evaluation.		
8. Bidder has signed the bid in indelible ink.		
9. Bidder has responded to all questions and information requested, and completed all portions of the bid package		
10. Capability of bidder to perform: (mark ONLY one)		
a. Bidder has successfully completed a contract with the Agency in the past.		
OR		
b. Bidder has submitted the name(s) of other purchasers with whom they have provided services and performed satisfactorily.		
OR		
c. Bidder has posted a performance bond.		
11. Bidder has the capacity to fulfill all terms and obligations in the bid.		

*Answers to all the above questions must be "Yes" or bidder will be disqualified.

Total Bid Price:	
Name of Contractor	
Reviewer	
Date	

CONTRACTOR REQUIREMENTS

After compliance with items above has been determined, prices will be compared, and the winner declared. Bidders will have five-(5) working days to protest the selection. If no written protest is received by the Agency with the five-(5) days, the selection will be considered final and the award made. The award may be made even if a protest is submitted within the time specified if the Agency believes the protest is without merit. Prior to bid award, the winning bidder must provide:

- [INSERT NUMBER] references indicating prior experience in home weatherization or similar construction
- Comprehensive General Liability Insurance at a minimum of [INSERT DOLLAR AMOUNT] Combined Single Limit for Bodily Injury and Property Damage, per occurrence and aggregate
- Worker's Compensation Insurance (as required by law)
- Vehicle Insurance on all vehicles used for weatherization purposes
- Current Business License and /or Occupational License(s) as required by local statutes
- Verification that the contractor is registered with and maintains a good standing with the Illinois Secretary of State
- Evidence that the contractor is not on the state or federal debarment lists
- Evidence of [INSERT REQUIRED CERTIFICATIONS]
- [LIST OTHER CONTRACTOR REQUIREMENTS DEEMED NECESSARY]

BID FORM INSTRUCTIONS

Please consult [INSERT REFERENCE] section for a complete understanding of the requirements for each item before figuring your bid prices.

Material Cost + Labor:

Enter your material charge per single unit of material under Unit Cost and your labor charge per unit under Labor. All bids are to be made on a total cost basis and rounded to the nearest whole cent.

Estimated Quantity:

The estimated quantity of all items is ONE. Cost should be based on installation of each line item.

Total Cost:

The unit cost will be added and multiplied by the estimated quantity to establish the total cost for that line item. The total cost for all line items will be added together to obtain the comparative bid price. All line items must be completed in order for the bid to be valid.

All bids must be based on a firm fixed price.

All bids must be typed or hand written in indelible ink.

Bids must be submitted in a sealed envelope with "SEALED BID" clearly marked on the outside. It is required that a photo copy of bid be submitted marked "PHOTO COPY" in a separate sealed envelope.

Bidders signature on each page indicates acceptance of and willingness to comply with all specifications and requirements stated herein.

The Illinois Department of Commerce & Economic Opportunity Office of Community Assistance is not a party to this bid or contract and shall be held harmless in any dispute arising from this bid or contract.

INSTRUCTION TO BIDDER

Every line item must be bid and every line totaled, materials and labor must be separated.

Clean, Tune & General Repairs on Gas Heating Units

1. Clean & Tune, Gas Heating System includes adding or replacing air filter(s), belt(s) and thermocouple if needed
2. Clean & Tune, Gas Space Heater includes adding or replacing thermocouple if needed
3. Clean & Tune, Oil Heating System includes adding or replacing air filter(s), belt(s) oil filter & nozzle if needed
4. General Heating System Repair Costs – Travel to and from plus one-(1) hour of work (Service Call)
5. General Heating System Repair Costs – Subsequent per hour charge beyond initial first hour of work

<u>LOCATION</u>	<u>#1 (M + L)</u>	<u>#2 (M + L)</u>	<u>#3 (M + L)</u>	<u>#4 (M + L)</u>	<u>#5 (M + L)</u>	<u>GRAND TOTAL</u> (Add each location's Material & Labor)
<u>Location #1</u>	M = L =	M = L =	M = L =	M = L =	M = L =	
<u>Location #2</u>	M = L =	M = L =	M = L =	M = L =	M = L =	

TECHNICAL STANDARDS FOR WEATHERIZATION MATERIALS

Model 1 (Site Built Homes) & Model 2 (Manufactured Homes)

All work must be performed to manufacturer's design specifications, industry standards and accepted practices.

Materials must meet or exceed the specifications cited or subsequent approved standards which supersede these specifications.

Thermostat Control System

Line Voltage or Low Voltage Room Thermostats: Thermostat setting numbers must be legible. Thermostat must have thermometer. (Thermometer is not mandatory to mobile home units: Mercury-bulb type thermostat is not applicable to mobile home units.)

Hydronic Boiler Control: Commercially available.

Water Heater Modifications

Install Vent Damper, Gas Fueled: Conformance to [INSERT SPEC].

Boiler Repair and Modifications/Efficiency Improvements

Readjust Boiler Water Temperature or Install Automatic Boiler Temperature Reset Control: Conformance to ANSI/ASME CSD-I-2006, and NFPA 31-2011 (or the latest version).

Install/Replace Thermostatic Radiator Valves: Commercially available. One-pipe steam systems require steam air vents on each radiator, see manufacturer's requirements.

Clean Heat Exchanger, Adjust Burner Air Shutter(s). Check Operation of Pump(s) per manufacturer's requirements.

Install Boiler Duty Cycle Control System: Commercially available.

National Electrical Code and local electrical codes provisions for wiring.

Replace constant burning pilot with electronic ignition device and electrically operated damper on gas-fueled boilers: Conformance to [INSERT SPEC].

Replace Combustion Chamber in Oil Boiler: Conformance to [INSERT SPEC]

Heating System Repairs and Tune-ups/Efficiency Improvements

Duct Insulation: Conform to [INSERT SPEC] Standard Specification for Flexible Fibrous Glass Blanket Insulation Used to Externally Insulate HVAC Ducts and with attention paid to manufacturers' recommendations (or the latest version).

Clean Heat Exchanger and Adjust Burner: Adjust air shutter and check CO₂ and stack temperature; clean or replace air filter on forced air furnace. Conform to [INSERT SPEC], National Fuel Gas Code (or the latest version).

Install Vent Dampers (gas fueled systems: Conform to [INSERT SPEC].

Reduction of Vent Connector Size of Gas Fueled Appliances: Conform to [INSERT SPEC].

Readjust fan switch on forced air gas or oil fueled furnaces: Conform to [INSERT SPEC].

Replace Air Diffusers, Intakes. Registers and Grilles: Commercially available.

Install/Replace: Warm Air Heating Metal Ducts: Commercially available.

Install combustion air in accordance with [INSERT SPEC].

Repair/Replace Oil-Fired Equipment: Conformance to [INSERT SPEC].

Replace Combustion Chamber in Oil-Fired Furnace: Conform to [INSERT SPEC].

Check Smoke Number on Oil-Fueled Equipment.

Replacement of Oil Nozzle and Filter: Per manufacturer's instructions.

Adjust Barometric Draft Regulator for Fuel Oil: per manufacturers' (furnace or burner) instructions (or the latest version).

WEATHERIZATION WORK STANDARDS

Model 1 (Site Built Homes)

Repairs:	Primary Door and Window replacement, Lumber and Plywood, etc.
Health and Safety:	Water Heater and Clothes Dryer Venting, etc.
Miscellaneous:	Vapor Barrier, Pipe Wrap, Duct Wrap, Water Heater Jackets, Sash Locks, Outlet/Switch Plate Insulators and Covers, Skirting, Gable and Roof Vents, Ventilation, etc.
Walls:	Sidewall Insulation
Windows:	Storm Windows
Attics:	Attic Insulation to achieve R-38
Foundation Spaces:	Insulate Floors and Foundations, etc.

Model 2 (Manufactured Homes):

(May change with the use of a blower door.)

Priority # 1:	Major air leakage reduction; furnace clean and tune and general repairs, weather stripping, caulking, vapor barrier and align duct work, etc.
Priority # 2:	Exposed underbelly; repair or replace floor insulation and sheathing.
Priority # 3:	Heating system replacement, primary window replacement and interior storm windows.
Priority # 4:	Ceiling insulation
Priority # 5:	Wall insulation
Repairs:	Replacement primary doors and incidental repairs necessary to preserve ECM's.

Bidders must provide material, labor and total pricing for each line item on the bid form. The cumulative total price for all estimated line items will be used for price comparison purposes.

All bids are to be made on a total cost basis and rounded to the nearest whole cent. No fraction of a cent bid will be evaluated. It will be the winning bidder's responsibility to submit billing upon completion of job.

CONTRACTUAL REQUIREMENTS

General Information

(Note: Some requirements may not apply depending on type of work)

- A. Quoted prices must be based on COMPLETE service, including labor, parts and materials. Approximately [INSERT NUMBER] residential houses and mobile homes will be serviced before [INSERT DATE] in [INSERT GEOGRAPHIC LOCATIONS].
- B. The Agency will perform diagnostic tests on the furnace and prepare a work order indicating the work to be performed. Winning contractors shall clean, inspect and tune the combustion area, flue and air handling systems for increased efficiency and provide general repairs as indicated by the Agency auditor on the work order. If the Agency Auditor notices any components or functions which are questionable, they will be noted on the work order. If additional work is needed, but not specified on the work order, the contractor must receive Agency approval before proceeding. No additional work will be paid for without prior authorization from the Agency.
- C. Contractors shall have [30] days from date of work order issuance in which to complete each job. Should, upon final inspection, the Agency find improperly completed work, the Contractor must correct the deficiencies within [5] working days ([10] working day(s) during severely cold weather). Credit for completed work shall be provided when all scheduled work (including rework) for the individual job has passed final inspection by the Agency. Payment for completed work shall be provided on a monthly basis. Contractors are responsible for returning completed work orders to the Agency and notifying the Agency when jobs are completed.
- D. The Invitation for Bid (IFB) must be fully completed in order to receive consideration.
- E. The Agency reserves the right to accept and reject any IFB and to disqualify any bidder. The Agency reserves the right to terminate the IFB process and to re-submit IFBs as necessary prior to final contractual award.
- F. The Agency shall evaluate each quotation and award contracts in the following manner:
 - a. The LOWEST PRICED bidder per award area shall be notified of initial review.
 - b. The bidder shall then have FIVE WORKING DAYS to meet one of the following criteria:
 - i. The bidder has successfully completed a contract with the Agency in the past; Or
 - ii. The bidder has submitted name(s) of other purchasers with whom they have provided service and performed satisfactorily; Or
 - iii. The bidder has posted a Performance Bond. (The performance bond may be in the form of any type of monetary guaranteed surety such as a bond, Cashier's Check or Treasurer's Check.) The bond amount will be [INSERT PERCENTAGE OR AMOUNT].

- c. The bidder shall then have FIVE WORKING DAYS to submit to the Agency, the necessary liability insurance documentation and proof of OSHA training. (Should the bidder wish, this documentation may be submitted with the written IFB.)
- d. Upon submission of the required documentation as indicated above, the Agency shall enter into a contract with the winning Contractor. When this document is countersigned by the Agency, this document becomes a contract.
- e. Should the bidder fail to submit the required liability insurance documentation, the bidder shall be disqualified.
- f. In the event that this is a TELEPHONE QUOTATION, the bidder shall have FIVE WORKING DAYS from notification to submit the necessary liability insurance documentation AND to sign the IFB which was filled out by the Agency during the telephone solicitation.

G. The Illinois Weatherization Program is primarily funded by state and federal funds.

Instructions to Bidders

NOTE: It is very important to follow these instructions carefully.

- A. This IFB must be submitted in a clearly marked, sealed envelope.
- B. Modifications to this quotation by the bidder are not allowed.
- C. All prices must be stated as firm fixed prices. Discounts are not allowed.
- D. Provide unit material cost and unit labor cost in the appropriate columns on the pricing pages. The sum of the unit material cost and unit labor cost should be multiplied by one (1) to obtain the total for each item.
- E. A pre-bid conference will be held: [INSERT INFORMATION]
- F. Sealed bids must be received no later than [INSERT INFORMATION]. All prospective bidders are urged to attend.
- G. [LIST OTHER BIDDER INSTRUCTIONS]

GENERAL REQUIREMENTS

In addition to any conditions specified in [REFERENCE SECTION OF THIS IFB], this contract is subject to all the conditions listed below. Waiver of any of these conditions must be upon the express written approval of an authorized representative of the Agency and such waiver shall be made part of this contract.

[INSERT ADDITIONAL REQUIREMENTS DETERMINED BY AGENCY AND AGENCY'S LEGAL COUNSEL.]

BID EVALUATION CRITERIA & TABULATION

Responsive Bids will be evaluated based on the following:

Meets All Contractor Requirements	20 Points
Meets All Evaluation Rating Requirements for Bid Award	20 Points
Cost	60 Points
TOTAL POINTS	100 Points

BID TABULATION SHEET

Contractor Requirements [(20 Points)]

[2] Points Possible Per Requirement:

- [INSERT NUMBER] references indicating prior experience in home weatherization or similar construction
- Comprehensive General Liability Insurance at a minimum of [INSERT DOLLAR AMOUNT] Combined Single Limit for Bodily Injury and Property Damage, per occurrence and aggregate
- Worker's Compensation Insurance (as required by law)
- Vehicle Insurance on all vehicles used for weatherization purposes
- Current Business License and /or Occupational License(s) as required by local statutes
- Verification that the contractor is registered with and maintains a good standing with the Illinois Secretary of State
- Evidence that the contractor is not on the state or federal debarment lists
- Evidence of [INSERT REQUIRED CERTIFICATIONS]
- [LIST OTHER CONTRACTOR REQUIREMENTS DEEMED NECESSARY]

TOTAL POINTS FOR CONTRACTOR REQUIREMENTS	
---	--

Evaluation Rating Requirements for Bid Award [(20 Points)]

ALL Requirements must be checked YES to receive any points:

	YES	NO
1. Bidder has met deadline for written bid.		
2. Original bid was submitted in a sealed envelope with "SEALED BID" written on outside		
3. Bidder has completed all Bid Forms Line Items in ink or typewritten.		
4. Bid meets stated material specification standards.		
5. Bidder has agreed to 45 days payment terms.		
6. Bidder has guaranteed delivery of services/ materials within 30 days of receipt of work/purchase order.		
7. Bidder has submitted all information necessary for data evaluation.		
8. Bidder has signed the bid in indelible ink.		
9. Bidder has responded to all questions and information requested, and completed all portions of the bid package		
10. Capability of bidder to perform: (mark ONLY one)		
a. Bidder has successfully completed a contract with the Agency in the past.		
OR		
b. Bidder has submitted the name(s) of other purchasers with whom they have provided services and performed satisfactorily.		
OR		
c. Bidder has posted a performance bond.		
11. Bidder has the capacity to fulfill all terms and obligations in the bid.		

TOTAL POINTS FOR EVALUATION RATING	
------------------------------------	--

Cost [(60 Points)]

LOWEST BIDDER ([60] POINTS)	
SECOND LOWEST BIDDER ([45] POINTS)	
THIRD LOWEST BIDDER ([30] POINTS)	

TOTAL POINTS FOR COST	
-----------------------	--

GRANT TOTAL POINTS	
BIDDER RANK	

SAMPLES – Request for Proposal (RFP)

ADVERTISEMENT SAMPLE – HVAC and Structural Contractor RFP

From: [INSERT AGENCY REPRESENTATIVE]

Date: [INSERT DATE]

FOR IMMEDIATE RELEASE

[INSERT GRANTEE’S LEGAL NAME] (“Agency”) will be accepting proposals from contractors interested in participating in the Illinois Home Weatherization Assistance Program during the period of [INSERT PERIOD BEGIN DATE] through [INSERT PERIOD END DATE]. The Agency will conduct an informational meeting on [INSERT MEETING DATE] at [INSERT MEETING TIME] for all interested parties. The informational meeting will be held at the [INSERT AGENCY NAME] office, [INSERT MEETING LOCATION ADDRESS].

All contractors interested in submitting a proposal must call our office at [INSERT CONTACT PHONE NUMBER] by [INSERT TIME] on [INSERT DATE] to register their company name. The purpose of this meeting is to explain the Illinois Home Weatherization Assistance Program and to disseminate bid packets to be completed by the contractor. All contractors who attend will be given a contractor pre-qualification application, labor specification list, and a bid package. All bids are due by [INSERT TIME] on [INSERT DUE DATE] at the Agency office located at, [INSERT AGENCY ADDRESS]. Only those attending the meeting will qualify to submit a proposal. Proposals will be evaluated, scored and the contract will be awarded to the contractor whose proposal is most advantageous for the Illinois Home Weatherization Assistance Program and the Agency.

Examples of procedures are installation of weather-stripping, caulking, insulation, windows and door repair/replacement, furnace retrofit, repair/replacement, water heater replacement, and minor structural repairs. Further details will be provided at the meeting. Please remember to call [INSERT PHONE NUMBER] and let us know if you will attend the meeting.

The Agency is an equal opportunity employer. Small and minority businesses, women’s business enterprises, [veteran-owned businesses], and labor surplus area firms are encouraged to bid.

* * * * *

Advertising should follow the Agency’s advertising plan. Any charges associated with the advertisement of this Notice should be sent to [INSERT AGENCY MAILING ADDRESS], C/O [INSERT PROGRAM NAME], Attention: [INSERT PROGRAM COORDINATOR NAME].

A copy of the ad must be attached to the bill/invoice if advertisement is made with an outside organization. A copy of the ad posting must be provided to [INSERT PROGRAM COORDINATOR NAME] when ad is posted on the Agency’s public website, social media accounts, distributed via electronic mail, and/or posted in accordance with the Agency’s advertising plan.

SAMPLE – Request For Proposal

[TITLE PAGE]

REQUEST FOR PROPOSALS

**[INSERT AGENCY NAME]
[WEATHERIZATION PROGRAM]
Specialty Contractor RFP # [INSERT PROPOSAL NUMBER, IF USED]**

PROPOSALS DUE: [INSERT DUE DATE AND TIME]

Submit [INSERT NUMBER] original proposals to:
[INSERT CONTACT INFORMATION]

Refer Questions to:
[INSERT CONTACT INFORMATION]

[PROPOSAL DOCUMENT PAGES]

Part I Proposal Requirements

1. Introduction

[INSERT AGENCY INFORMATION EXPLAINING ITS PURPOSE.]

[INSERT PROGRAM INFORMATION EXPLAINING HOW IT HELPS AND ASSISTS THE COMMUNITY AND ITS MEMBERS.]

2. Overview

The Agency is requesting proposals from experienced, cost-effective and efficient specialty contractors to support eligible [INSERT PROGRAM] projects in [INSERT CITY, COUNTY, OR OTHER DESCRIPTION OF SERVICE LOCATION] area.

The contractor(s) that demonstrate qualifications and achieve the highest numerical scores according to the rating criteria contained in this Request for Proposal (RFP) will be considered a qualified contractor and will be eligible for a contract to provide specialty services as required by Agency.

In some cases, specific professional certification or training may be required for eligibility to participate in the program as an installer. At a minimum, contractors will be required to agree to adhere to performance standards that meet the requirements of the state and federal funding agencies.

3. Background or Program Information

[INSERT PROGRAM INFORMATION – EXAMPLE:

The Weatherization Assistance Program is a state and federally funded program managed locally by community action agencies, housing authorities, or local government agencies. The program provides professional weatherization services for stick-built and mobile homes through the services of subcontracted professionals. Each weatherization project includes one or more measures to improve the energy and thermal efficiency of the home and/or enhance the health and safety of the home's occupants.]

The most common measures include insulating and air sealing the building shell and ductwork, installing or repairing windows and doors installing or repairing heat systems and other improvements.]

4. Additional Resources

[INSERT INFORMATION ON WHERE TO OBTAIN ADDITIONAL INFORMATION – EXAMPLE:

Proposers should consult and be familiar with the Weatherization Specifications for the Illinois Weatherization Assistance Program and the current US Department of Energy Weatherization State Plan for Illinois.

All documents can be found:

[INSERT WEBSITE ADDRESS]

5. Period of Performance

[EXPLAIN PERIOD OF PERFORMANCE – EXAMPLE:

A contract awarded as a result of this RFP will be for one year, from July 1, 20xx to June 30, 20xx. The contract may be renewed annually for up to two (2) additional years contingent upon contractor(s) performance, program compliance, continued program funding, and Agency approval.

At time of contract renewal by Agency, the contractor(s) may wish to update and/or renegotiate the price proposal. However, this action may require a new contract to be issued or prior contract not renewed.]

6. Program Funding

[INSERT INFORMATION ON HOW PROGRAM IS FUNDED – EXAMPLE:

Agency has received program funding to serve [INSERT SERVICE LOCATION] residents for over [INSERT SERVICE YEARS] years and anticipates continued funding.

Agency's project completion in calendar year [INSERT YEAR] was [INSERT NUMBER OF UNITS] units. The projected number of units for the coming year will be [INSERT PROJECTED UNITS].

The estimated funding allocation for project expenditures in the coming year is estimated to be between [INSERT PROJECTED FUNDING]. This estimate is offered solely for information purposes and is not a guarantee of available funding.]

7. Timeline for Selection

[INSERT DUE IMPORTANT DATES – EXAMPLE:

Responses to RFP questions received by the Agency before [INSERT DATE] will be posted to the Agency's website at [INSERT WEB ADDRESS OF RESPONSES] by [INSERT DATE RESPONSES WILL BE POSTED].

Proposals due to the Agency by [INSERT DATE AND TIME].

Proposal review, contract award, and contract signing [INSERT DATE].

Contract begins (estimated) [INSERT DATE].]

8. General Terms & Conditions of RFP

[CONSIDER INSERTING THE GENERAL TERMS AND CONDITIONS DEEMED SIGNIFICANT AND IMPORTANT BY THE GRANTEE. THESE MAY INCLUDE:

- ADMINISTRATIVE REQUIREMENTS
- CONTRACT PROVISIONS
- CONFLICT OF INTEREST INFORMATION
- RESOLUTION OF DISPUTES OR PROTESTS
- CONTRACTOR LICENSING REQUIREMENTS, INSURANCE, BONDING
- LATE PROPOSALS
- SUBCONTRACTING
- GRANT REGULATIONS]

9. Scope of Work

[INSERT SCOPE OF WORK – EXAMPLE:

Contractors will be required to provide weatherization and health and safety measures in single-family stick-built and mobile homes as assigned by the Agency program staff. Such measures may include:

- *Furnace or heat pump tune-up, maintenance or repairs*
- *Installation of gas furnaces, electric furnaces, and ductless heat pumps*

- *Installation of zonal heating systems*
- *Plumbing or electrical repairs as warranted*
- *Maintenance, repair or installation of water heaters*
- *Installation of air or duct sealing*
- *Installation of materials to address incidental repairs*
- *Installation of equipment and/or materials to address identified health and safety issues*
- *Installation of wall, floor and/or attic insulation]*

Part II Work Requirements

1. Required Services

Code Requirements

All work performed under this agreement and the individual project contract shall be in full compliance with the [INSERT CODE REQUIREMENTS].

Permit Requirements

Contractor shall be responsible for obtaining ALL permits required as a result of work and shall provide Agency with copies of all permits obtained.

Lead Safe Work Practices

Contractor shall be responsible for complying with all lead-based paint renovation, repair and painting requirements, if lead based paint will be disturbed. These requirements include having a certified renovator on staff and obtaining their lead-based paint renovation contractor license through the [INSERT LICENSING BOARD]. Copies of the certified renovators' certificate(s) and the lead-based paint renovation contractors' license must be provided to Agency prior to the signing of a contract.

In addition, if lead based paint will be disturbed all workers performing work on pre-1978 housing must be trained in lead safe weatherization and documentation of such training of each worker must be provided to the Agency prior beginning the first job. Agency will provide the training materials upon request.

Debris Removal

Contractor shall be responsible for removing all construction debris generated as a result of work performed either by himself/herself or his/her subcontractors. Disposal of such materials shall be made in accordance with all environmental laws, ordinances, rules or regulations.

Guarantee

All materials provided shall have a twenty-(20) year life expectancy when possible. All work and materials shall be guaranteed by Contractor for one-(1) year from the time of final inspection by Agency staff. This guarantee includes the repair and replacement of defective measures resulting from improper installation or material defect.

Other

Contractor shall take all necessary actions to comply with Illinois employment laws by contributing to the worker's compensation, unemployment compensation and [INSERT OTHER REQUIREMENTS], as well as any other actions required by the State of Illinois or any municipality thereof.

2. Agency Responsibilities

[INSERT AGENCY RESPONSIBILITIES – EXAMPLE:

Agency is responsible for the following activities:

- *Providing the Contractor with list of state required certification requirements and schedule of all state required technical training classes.*
- *Determining client eligibility.*
- *Obtaining landlord approval.*
- *Conducting home energy audit and health and safety inspection.*
- *Conducting initial blower door infiltration test.*
- *Conducting initial combustion safety test on non-electric units.*
- *Notifying owners of lead-based paint hazards.*
- *Notifying Contractor of lead-based paint evaluation results if paint evaluation or risk assessment has been performed.*
- *Reviewing and comparing weatherization analysis with the selected Contractor.*
- *Preparing and issuing work orders and/or change orders to Contractor(s).*
- *Inspecting work in progress.*
- *Performing final inspection to ensure work meets program requirements.*
- *Requesting permits from Contractor.*
- *Paying Contractor invoices in a timely manner.*
- *Monitoring the Contractor for compliance to include weatherization lead safe work practices.*
- *Assigning penalties.]*

3. Contractor responsibilities

[INSERT CONTRACTOR RESPONSIBILITIES – EXAMPLE:

The Contractor is responsible for the following activities:

- *Ensuring compliance with all applicable local, state, and federal regulations and State of Illinois Weatherization Specifications.*
- *Communicating with client to schedule job.*
- *Completing the work order as issued by Agency.*
- *Attending workshop training at the Agency or other location which includes Weatherization program overview, team member contacts and roles, work order process and change orders, inspections and project expectations, billing, invoice and payment processes.*

- *Performing incidental repairs essential to assure health and safety of client and installation or preservation of weatherization material.*
- *Utilizing lead safe work practices on all dwellings built prior to 1978.*
- *Obtaining required permits.*
- *Getting prior approval for any work when cost is above approved amount.*
- *Educating client/homeowner on use of installed equipment and/or improvements*
- *Submitting all pertinent documents (manuals, warranty documents, etc.) to property owner.*
- *Conducting final quality control inspections before submitting inspection request to Agency.*
- *Submitting inspection requests, copy of required permits and invoice.*
- *Correcting any item which does not pass inspection within five-(5) working days.*
- *Submitting re-inspection requests to Agency.*
- *Contractor shall warrant work for a period of one-(1) year.]*

4. Deliverables & Schedule

[INSERT DELIVERABLES DESCRIPTION AND SCHEDULE – EXAMPLE:

Specialty Contractors are expected to complete a job within three-(3) days (for emergency situations) or up to 60 days (for standard jobs) from the issue date, meaning all work is done and an inspection has been requested.

If a job fails inspection, the Contractor is expected to make corrections and call for re-inspection within five-(5) business days. Before a job is considered closed, Contractor must submit all required documentation, including but not limited to, copies of permits and an itemized final invoice.]

5. Penalties

[INSERT PENALTY INFORMATION – EXAMPLE:

Failure of Contractor to complete the work under any individual project work order within the time specified above, or within any extended deadline as approved by Agency, may result in a penalty of three percent (3%) per month of the original contract amount specified in the individual project work order, in addition to any other remedies as may be provided.

If Contractor's performance is delayed by any act of neglect of grant recipient, by any other Contractor employed by Agency, by changes ordered in the work, by labor disputes, fire, unavoidable casualties, or any other extenuating circumstances beyond Contractor's control, Agency may authorize, upon timely written request by Contractor, an extension of time for completion of work.

If Agency decides it is impractical to correct work which is unacceptable or not done in accordance with the individual project work order, an equitable deduction from the individual project price shall be determined and deducted by Agency.]

Part III Proposal Preparation and Submittal

1. Proposal Clarification

Questions and requests for clarification regarding this Request for Proposal (RFP) must be directed in writing, or via email, to the person listed on the cover page. The deadline for submitting such questions/clarifications is [INSERT DATE].

If a substantive clarification is necessary, an addendum will be issued no later than [INSERT DATE], on the Agency website:

[INSERT WEB ADDRESS WHERE INFORMATION WILL BE POSTED]

2. Proposal Due

Sealed proposals must be received no later than [INSERT DATE AND TIME]. The outside of the envelope/package shall clearly identify:

- RFP number
- Name and address of the proposer

Hard-copy proposals with original signatures must be received by the proposal due date/time. Electronic copies of proposals will not be accepted.

OR

Electronically signed proposals must be received by the proposal due date/time. Electronically submitted proposals must be received in the following inbox by the date and time stated.

[INSERT INBOX EMAIL ADDRESS]

Responses received after submittal date and time will not be considered and will be retained and unopened.

3. Proposal Materials

All proposals must include:

- Request for Proposal Response Form
- Price List

Agency encourages the use of submittal materials that contain post-consumer recycled content and are readily recyclable. Agency discourages the use of materials that cannot be readily recycled. Proposers are encouraged to print/copy on both sides of a single sheet of paper wherever applicable. Color is acceptable, but content should not be lost by black-and-white printing or copying.

All submitted proposals become the property of Agency.

Part IV Proposal Evaluation & Contract Awards

1. Evaluation and Selection

Complete proposals received in response to this RFP will be evaluated and scored by a technical review committee. Committee review results and recommendations will be presented to Agency management for a final decision.

Agency will award the contract only to responsible specialty contractor(s) possessing the capacity and ability to perform successfully under the terms and conditions of this procurement.

2. Evaluation Criteria Scoring

Each proposal received in response to the RFP will be objectively evaluated and rated according a specified point system.

A 100 point system will be used, weighted against the following criteria:

[INSERT POINT SYSTEM – EXAMPLE:

<i>Criteria</i>	<i>Maximum Points</i>
<i>Cost Proposal</i>	<i>20</i>
<i>Experience, expertise, quality of work</i>	<i>40</i>
<i>Experience working with low-income population</i>	<i>5</i>
<i>Capacity to meet production levels</i>	<i>20</i>
<i>Small, minority, women's, veteran's, labor surplus area business*</i>	<i>5</i>
<i>Compliance with public policy</i>	<i>10</i>
<i>Total</i>	<i>100</i>

**[INSERT ANY CRITERIA TO RECEIVE POINTS IN THIS CATEGORY IF AGENCY REQUIRES CERTIFICATION OF BUSINESS TYPE.]*

Part V – Contract Awards

1. Contractor Selection

The selected Contractor(s) will be determined by the outcome of the evaluation of all proposals by the review committee. Should the Agency not reach a favorable agreement with a selected proposer, the Agency shall terminate negotiations and may commence negotiations with the next highest scoring proposer.

2. Contract Development

The proposal and all responses provided by the successful proposer will become a part of the final contract.

[INSERT COPIES AS EXHIBITS AND REFER TO THESE FOR THE PROPOSER'S REVIEW.]

All prospective proposers should carefully review the RFP Exhibits to ensure full understanding of applicable laws, requirements, licensing, insurance thresholds, and other relevant program information.

CONSIDERATION FACTORS FOR EVALUATION OF ALTERNATIVE PROPOSERS

Grantees must have a written method for conducting technical evaluations of the proposals received under the procurement by competitive proposal method and for selecting recipients.

(2 CFR 200.320(d)(3)) [45 CFR Part 75.329(d)(3)]

Proposers shall be evaluated on a weighted scale that considers some or all the following criteria, as appropriate for the purchase:

1. Adequacy of the proposed methodology; technical approach; management plan
2. Skill and experience of key personnel
3. Demonstrated experience; past performance (reference checks)
4. Other technical specifications designated by the department requesting proposals
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Proposer's financial stability
7. Proposer's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by proposer
9. Ability/commitment to meeting time deadlines; length of delivery schedules
10. Cost
11. Minority, small business, women-owned business status of proposer, veteran-owned, or labor surplus firm
12. Other criteria (to be specified by the department requesting proposal)

This list is not intended to limit or dictate qualitative measures a Grantee must use. Not all the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal based on the criteria and weighting that have been determined.

SAMPLE - RFP EVALUATION SCORING SHEET

Instructions to Evaluators:

Competitive Proposal

The competitive proposal process is used when price and other factors are considered to determine the most advantageous proposal. Examples of some of the other factors may include: background and experience, possession of unique equipment or technical expertise, unique qualifications, capacity, references, and consideration of minority, small business, women-owned businesses, and labor surplus area firms.

While OCA does not mandate any specific evaluation factors, Grantees must disclose the evaluation factors in its solicitation. Evaluation factors may include, but are not limited to, those listed in the CONSIDERATION FACTORS FOR EVALUATION OF ALTERNATIVE PROPOSERS section of the APPENDIX.

The Grantee may select the most advantageous proposal by evaluating and comparing factors in addition to cost or price such that a Grantee may acquire the best value, even if it must pay a higher price than offered in other proposals. This will be based on the Grantee's evaluation of the qualitative technical factors and price or cost factors.

Evaluation Approach

Grantees may use the following sample form to develop its own evaluation tool. Some elements of the technical evaluation will rely on reports from other individuals.

Scoring Proposals

Grantees may consider the following:

- If a proposer meets all the technical standards required in the proposal, one-half of the points may be awarded.
- If a proposer excels in addressing each requirement and offers superior value, award up to the maximum number of points, at the evaluator's discretion.
- If a proposer addresses all technical requirements, but fails to achieve a level of accomplishment in describing how it will perform under the contract, award less than one-half of the points at the evaluator's discretion.

RFP Evaluation Scoring Sheet

Evaluation Factor	Points	Proposer Name:			
Technical Ability (40%)					
<i>Evaluate this factor based on your review of the technical proposals stated in the RFP</i>					
1. Qualifications (20%)	20				
2. Proposed Personnel (20%)	20				
3. Transition Plan (10%)	10				
4. Proposed Management Plan (20%)	20				
5. Risks and Added Value Assessment (10%)	10				
6. [LIST OTHER CRITERIA AND WEIGHT] (20%)	20				
Subtotal - Technical	100				
Past Performance (20%)					
<i>Evaluate this factor based on interviews with references that will be provided by the technical assistance consultant.</i>					
Reference Checks	50				
Subtotal – Past Performance	50				
Financial Ability (10%)					
<i>Evaluate this factor based on report to be prepared by the Grantee.</i>					
Financial Ability and Risk Ranking	25				
Subtotal – Past Performance	25				
Interviews with Key Staff (30%)					
<i>Evaluate this factor based on contractor interviews.</i>					
Interviews with Key Management Staff	75				
Subtotal – Interviews	75				
Total – All Evaluation Points	250				

Reviewer Name:	
Title:	
Date	

Reviewer Notes

Use this space to record any notes while reading and evaluating proposals that may help support superior scores or scores that are lower than average. The procurement documentation/file will contain both the evaluation score sheet and these notes.

Procurement Policies for Inclusion in IFBs or RFPs

See OCA SharePoint site for summary procurement policies to include in IFBs or RFPs.

SAMPLE - Appeal/ Protest Procedures

The following appeal/ protest procedures will be followed when appealing or protesting a sealed bid (Invitation for Bid [IFB]) or competitive proposal (Request for Proposal [RFP]) procurement decision. Failure to file an appeal/ protest in accordance with these procedures shall be deemed a waiver of the right to further contest or dispute the matter. Grievances are limited to violations of federal laws or regulations, or failure of the Grantee to follow its own procurement policies

INFORMAL CONFERENCE

Any unsuccessful bidder or proposer (appellant or protestor) has a right to request an informal conference. The informal conference is designed to ensure that the appellant or protestor understands actions taken and the bidding/ proposal process of the Grantee. The informal conference is conducted by the Grantee and will be:

- Be held by phone or in a location reasonably convenient to the Grantee
- Be conducted, if possible, by a Grantee staff member who was not involved in the original decision
- Be held within five calendar days of the request,
- Afford the appellant or protestor an opportunity to bring a representative and/or interpreter
- Afford the appellant or protestor an opportunity to present oral and/or written testimony on their behalf

The Grantee will give the appellant or protestor a written statement documenting the results of the appeal/ protest citing the policy or regulation for the determination. A copy of the written statement will be included in the procurement bid file.

At the time of the informal conference, the appellant or protestor will be given a Request for State Review form, to complete and be sent by Grantee to OCA within 15 calendar days of the date of the informal conference. The Grantee staff person conducting the informal conference must present and explain this form to the appellant or protestor.

1. Within five business days, the appellant or protestor will outline the concern in writing and submit it to the Grantee contact listed in the IFB or RFP.
2. The written appeal or protest shall include the following information:
 - A. Name, address, and contact information of the appellant or protestor
 - B. Identification of the IFB or RFP being appealed/ protested, including identification number
 - C. Detailed statement of the grievance, including reference to the federal law or regulation that is being violated or Grantee procurement policy not followed
 - D. Specific relief requested
3. The Grantee will provide a summary of the written appeal/ protest to the appellant or protestor and OCA, within five working days of receipt of written protest or resolution of the written protest.

The appeal/protest process includes three levels of appeal: Informal Conference, State Review and Formal Hearing.

STATE REVIEW

Should the appellant or protestor request a state review, OCA will review the appellant or protestor 's file and the informal conference report. The appeal/ protest request is considered made the day the request is received by OCA, per the received date stamp on the correspondence.

OCA will notify the Grantee that a request for state review has been filed. Grantee will provide OCA and appellant or protestor with a full copy of the bid file (updated to include the informal conference cover sheet and hearing report). This must be done within five business days of the request for state review.

The state reviewing officer will review the file to determine if the bid/ proposal process was in compliance, if the appellant or protestor was notified within the proper timeframe, if the appellant or protestor was properly notified of the right to appeal/protest, if the informal conference was properly conducted and if the informal conference determination was correct. The state review determination will be made, and a letter sent to the appellant or protestor and the Grantee within 15 business days of the request for state review.

A written decision will be provided to Grantee and the appellant or protestor once the review is completed.

FORMAL HEARING

If the appealing party is not satisfied with the determination of the state review, the appealing party may request a formal hearing within 15 calendar days of the date of the state review letter by sending a written request to OCA. OCA will notify the Grantee that the request has been made by the appealing party.

Within ten working days of the receipt if the appealing party 's request for formal hearing, OCA will contact the appealing party via telephone or letter if necessary and the Grantee to set a date, time and location for the formal hearing. A follow-up letter will be sent to the appealing party ten days prior to the formal hearing requesting that the appealing party contact OCA to confirm the appointment. The informal hearing shall be held within 30 days of the appealing party 's request for the informal hearing.

A State Hearing Officer will conduct the formal hearing. The State Hearing Officer must ensure that the following procedures are followed;

- The formal hearing is tape recorded,
- The testimony of the formal hearing summarizes the actions of the case date, the appealing party 's reason for appeal, and the Grantee's Appeals Officer 's explanation of the determination that the Grantee made,
- The State Hearing Officer will explain that the purpose of the hearing is to determine if the policies were fairly applied to the appealing party 's case.
- Challenges to federal or state policy are not pertinent to the administrative hearing and will not be considered by the Appeals Review Board. Challenges to the underlying policy must be brought in court and the appealing party should be referred to legal assistance offices,

- The State Hearing Officer will limit presentations to relevant and material facts and policy; explain the purpose and procedure to be followed; the manner in which the determination will be rendered; develop the facts relevant to the issues; clearly identify the policy provision relied on; assist the appealing party in presenting their version of the case; enable the Grantee's Appeals Officer to present the case and policy supporting the action of the Grantee; permit cross-examination by the participants; respect the rights and dignity of all participants to the hearing; and summarize the points developed,
- The formal hearing information is transmitted to the Appeals Review Board, which will render a decision based upon the record. The appealing party is notified within ten working days of the formal hearing determination, the reasons for the determination and, if denied, of their right to seek review in court.
- The hearing will be held in a private room that is completely separated from any other Grantee business activities. The hearing is held in private to assure confidentiality for the appealing party. The State Hearing Officer shall ensure that the case is not discussed prior to the opening of the hearing.
- The hearing will be tape recorded and will follow the format of the formal hearing script. The State Hearing Officer will operate a tape recorder as well as provide all necessary tapes. The equipment will be tested prior to the hearing and the recorder started before any discussion takes place.
- To open the hearing, the State Hearing Officer will announce who, what, when, where and why of the hearing as well as note the names and job titles of all attendees.

The State Hearing Officer will then note their role in the hearing and will state the purpose of the hearing.

At this point, all persons who will be making a statement will be sworn in as witnesses. (If the appealing party has an attorney or representative, the attorney or representative will not be sworn in.)

Next, the appealing party and/or representative will be given the opportunity to present the appealing party's reasons for appeal. The appealing party may present new evidence. If written evidence, the State Hearing Officer will explain the contents of the document for all parties of the formal hearing. The State Hearing Officer or Grantee representative may question the appealing party and/or the appealing party's witnesses.

After the appealing party's case has been presented and witnesses have answered any questions, the Grantee's Appeals Officer, IHWAP Coordinator, and/or any Grantee witnesses who have personal knowledge of the case will be given the opportunity to present their position(s). The appealing party and/or appealing party's representative may question the Grantee's witnesses.

The State Hearing Officer may question any witnesses, when necessary, to fully develop the facts of the case.

Should any questions be asked challenging state or federal policy, the State Hearing Officer will reply, —The purpose of this hearing is to determine whether the policies were fairly applied to your case. If you wish to challenge the policies themselves, such a challenge is not appropriate to this administrative

hearing. A challenge to the policies must be brought in court. The State Hearing Officer will not answer questions when answers cannot be quoted from the IHWAP Procurement Manual.

To close the hearing, the State Hearing Officer will note that the State Appeals Review Board will review all documents and testimony and reach a determination that will be shared with all parties within ten calendar days of the formal hearing.

The State Hearing Officer will present the tape and case file to the State Appeals Review Board. The State Appeals Review Board is a three-person board consisting of;

- A State Hearing Officer
- Two of the following or their designee;
 - Deputy Director, Office of Community Assistance
 - Assistant Deputy Director, Office of Community Assistance
 - Manager, Office of Community Assistance
 - Assistant Manager, Office of Community Assistance
 - Manager, Support Services
 - Grants Management Supervisor

The State Appeals Review Board will make a decision based on the testimony and documents provided at the formal hearing. The decision will be final, and any further recourse will have to be appealed through court proceedings.

After a decision is made by the State Appeals Review Board, both the appealing party and the Grantee will be notified in writing by OCA within ten working days of the formal hearing. If the original procurement decision is upheld, a letter will be sent to the appealing party, with a copy to the Grantee. If the Grantee 's decision is overturned by the State Appeals Review Board, a letter explaining the decision will be sent to the appealing party and the Grantee explaining the error(s) made and the reason(s) for the determination rendered by the State Appeals Review Board. A copy of the notification letter will be placed in the procurement bid file.